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ABSTRACT

This report attempts to cut through the rhetoric of both the opponents and the proponents of performance contracting and to bring the main issues into focus. The report (1) describes different kinds of contracts; (2) discusses testing problems; (3) gives a description of the Texarkana and Banneker elementary school projects; (4) provides sample opinions of parents, students, teachers, and boards; (5) discusses the new terminology; and (6) provides guidelines on how to set up a performance contract. The report also discusses the Rand and OEO evaluations of performance contracting experiments and presents industry rebuttals. (JF)

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Performance

Contracting in Schools

Profit Motive Tested As Incentive to Learning

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Performance Contracting in Schools

OVERVIEW

Performance contracting in schools--despite its premature obituary written in 1972 by the Office of Economic Opportunity (OEO)--is not dead. In fact, it is still very much alive as one of today's hotter education controversies.

Despite negative results from 18 OEO experimental projects, at least 100 performance contracts were in effect in the middle of 1972.

Thus, it is clear the idea is still being tested. Many educators believe the concept has great potential to improve education and to achieve quick change. As a result, they are still willing to try it in its numerous forms despite the fact that it has become so controversial.

Since its inception in 1969, thousands of words describing performance contracting have appeared in the mass media and in the education press. But most educators still don't have an accurate picture of what has happened, in the opinion of authorities on performance contracting. The reason: an amazing amount of confused, biased, simplistic news reporting.

Some of the most unbalanced and unquestioning reporting occurred when OEO released the results of its experimental efforts at a Washington, D.C., press conference in February 1972. Most of the accounts that followed accepted OEO's totally pessimistic conclusions about performance contracting without question. Several months later, however, journalists began to have second thoughts. The New York Times, for example, is now questioning OEO's conclusions. "The flat assertion by the OEO that performance contracting has failed as a means of improving learning in the public schools," the Times wrote in an editorial, "is an oddly quick and sweeping judgment after only one year's experimentation."

The Times continued: "Some aspects of the contracting concept have always been subject to legitimate cautions. In the hands of unscrupulous operators, children could be pushed toward limited, rote-learning achievements, without concern for their overall development and psychological welfare. The possibility of outright

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cheating, by manipulating either the pupils or the tests, is always a matter of concern when potential profits or losses are at stake.

"Despite these dangers and precisely because of the complexity of the approach, the sweepingly negative evaluation by OEO has the earmarks of a subjective, if not downright political, judgment rather than a scientific assessment. At so early a stage of the experiment, it would have been far more useful to weed out those contractors whose methods seemed either ineffective or suspected." The Times editorial noted other difficulties facing performance contracting in education. "It is no secret," it said, "that the organized teaching profession has been lobbying hard to discredit performance contracting, at least in part because of fear that budget-cutting forces saw the projects--misguidedly, we believe--primarily as a way to reduce the instructional payroll."

In addition to the OEO study, another group of performance contract projects were evaluated by the Rand Corp. in 1972. Its conclusion: the performance contracts had fulfilled only half the claims made for them--they had proved to be "an instrument of change, stimulating innovations," but they had not "solved America's compensatory education problem." The projects failed to achieve better results on achievement tests than standard classroom instruction, Rand said.

Thus, the debate continues over a simple concept which has revolutionary implications. In a nutshell, the idea is this: schools contract with a private firm for services and the pay depends on the results--better pay for better work. The approach is seen as a vehicle for bringing accountability to the public schools.

The original promoters of the idea in education were U.S. Office of Education (USOE) officials, private firms in the education business and a few educators. They thought it might provide a quick breakthrough in compensatory education. The first actual working project was launched in Texarkana, a city partially in Texas and partially in Arkansas. Two of the three school districts in the area, both using federal money, hired a private corporation to teach reading and mathematics skills to potential dropouts. They agreed on a performance contract: the better the tested results of students' learning, the more the company would earn.

The story of this first experiment made headlines in 1970 when the first rosy reports of substantial successes were dashed with charges that students had been given a preview of test questions before they took the final exams. The entire concept was threatened with extinction by this one incident. The sensational expose failed to derail the Texarkana project, which eventually produced substantial successes in reducing the student dropout rate.

A result of the early performance contracting efforts has been a rekindling of professional concern over educators' use and misuse of testing. Many of the nation's testing authorities claim that performance contracts illustrate flagrant misuse and widespread misunderstanding of standardized tests as evaluation tools. They explain that conclusions based on these test scores may be erroneous. Nevertheless, almost all reported results of performance contracts have emphasized test scores.

Meanwhile, with far less publicity, other kinds of educational projects also began with performance contracts: projects to teach vocational skills, to raise achievement motivation, to train teachers, to create an alternative high school and to teach an entire elementary school curriculum. Michigan's involvement includes a commitment of $23 million in compensatory education funds to "performance pacts" between the State Dept. of Education and the 69 districts participating in the program. Elsewhere, some districts have signed performance contracts with groups of teachers.

Supporters of performance contracting claim it encourages efficiency, serves as an incentive to good work and promotes rapid change. Others say it is wasteful of money and energy, promotes harmful competition and reinforces the most trivial education objectives. Some see the businesslike character of the contracts as a virtue; others find the business profit motive repugnant in education. Rhetoric over this issue has rarely been restrained.

The purpose of this Special Report is to cut through the rhetoric of both sides and bring the issues into meaningful focus.

WHAT IS A PERFORMANCE CONTRACT?

The idea of a "performance contract" is not a new one, even though it is new within education. A performance contract is any contract in which the contractor's payment is linked to the measurable quality of his performance. For example, an entertainer may be paid a percentage of the box office receipts--the more people he brings in, the more he is paid. A manufacturing firm may receive a bonus if delivery is ahead of schedule, but pay a penalty if delivery is late. Performance contracts are a specific variety of contract, rather common in business. Charles Blaschke, president of Education Turnkey Systems, Inc., helped design the Texarkana project in 1969. He had learned of performance contracts while serving his military duty in the Defense Dept., where such contracts are sometimes used.

The Rand Corp., in the first volume of a lengthy report it has prepared for the Dept. of Health, Education and Welfare (HEW), entitled The Performance Concept in Education, explains four basic kinds of contracts. To help in their explanations, authors J. P. Stucker and G. R. Hall use the purchase of busing as an example:

- Fixed contracts for resources: a service or product is supplied, for an agreed-upon price. For example, a school district contracts for a fleet of buses and drivers. The bus company receives a fixed fee, say $100,000.

- Performance contracts for resources: a service or product is supplied on demand, as needed. The price will vary with demand. For example, a school district agrees to purchase busing for any after-school activity at $40 per bus per hour. Only when the contractor "performs" by supplying buses, does he get paid.

- Fixed contracts for results: a service or product is supplied at an agreed upon price, and at an agreed upon standard of quality. For example, a school district pays 50¢ per child per day for on-time delivery of students. If students are late, the company receives no pay.

- Performance contracts for results: a service or product is supplied, with a price that varies according to the quality. For example, a school district pays for on-time delivery of children at 40¢, five minutes late at 30¢, ten minutes late at 20¢.

Stucker and Hall's example--how schools might buy busing--may seem dry as dust. At first glance, the differences may seem like quibbling. However, in Texarkana, two school districts signed a contract for measurable gain in

children's learning. And they decided, among the four contracting approaches, to pay the contractor very little if the youngsters learned very little, more as the children learned more. When this happened, the differences in contracts no longer seemed like quibbling.

The question raised by the Texarkana project and others is "How should schools purchase education?" A return to the four kinds of contracts displays the options:

- Fixed contracts for resources: This is the ordinary way schools purchase education. Schools contract with teachers to teach, at a fixed rate of so much per year.

- Performance contracts for resources: This is the way schools ordinarily purchase the services of substitute teachers. Schools agree to pay so much per teaching day when they require such services.

- Fixed contracts for results: This kind of contract is almost unheard of in education. A hypothetical example would be to pay teachers $300 per student if and only if the student passed an end-of-year test.

- Performance contracts for results: This kind of contract is also rare. A hypothetical example would be to pay teachers $300 for each student who received 100% on an end-of-year test, $275 for each student at 90%, $250 for each student at 80%, and so on.

When the options are displayed, suddenly there is controversy: What are the "results" of education? Can results be measured? Is it right to pay for results instead of for resources? Should schools imitate business? What are educational results worth?

Private companies such as Dorsett Educational Systems have agreed to teach students on the basis of "performance contracts for results." With very few exceptions, teachers have been reluctant to risk their income in such contracts. This raises more questions: What motivates these private companies who step where most teachers fear to tread? Should teachers imitate these companies, or should teachers denounce and fight the companies? Do these projects "dehumanize" education? Are these contracts legal?

A Gordian Knot of Terminology

Most discussion of performance contracts gets embroiled not only in issues, but in language. People who talk about performance contracts use the term to mean many different things: not only are the documents themselves referred to as "performance contracts" but the term usually means the projects that result from the contracts.

Companies which sign performance contracts and direct the projects are referred to as "performance contract companies." Also, the term is used to refer to the techniques employed in writing the contracts and to the techniques used in teaching the children. Since some of these companies have used unorthodox teaching procedures, these procedures--such as use of teaching

aides, emphasis on programmed instruction, paying incentives to students or to teachers--often get labeled "performance contracting."

Then, some scholars and some government spokesmen talk about performance contracting as an idea, or a policy, or an attitude, or a concept. Some journalists speak of the performance contract phenomenon. Some critics speak of the performance contract plot or conspiracy.

Not only does the simple meaning of the word change, but the feeling-tone of the word varies in use. As the literature about performance contracts grows the term acquires testimony, analysis, criticism, rapture, disgust, prescriptions, exhortations and reporting.

Not only is the one term overburdened, but it has been linked to others: accountability, individualized instruction, cost effectiveness, systems approach, learning, dehumanization, educational-industrial complex. And it has acquired its own special vocabulary: RFP, turnkey, needs assessment, educational accomplishment audit.

Even beyond this, because performance contracts have inspired so much controversy, the term "performance contract" is often bandied about as a symbol. Many teachers, especially those who belong to the American Federation of Teachers (AFT), vehemently criticize performance contracts; sometimes this criticism focuses on the terms of a contract, weaknesses in a project or specific practices such as giving trinkets to children for good work. But at other times, teachers are criticizing an attitude which they label "performance contracting." In this light, "performance contracting" becomes symbolic of cost-cutting, merit pay, anti-teacher biases, slick public relations, excessive profit taking and other vices. The AFT's accusations that performance contracts represent "hucksters in the schools" are mostly symbolic accusations. Similarly, advocates of many new practices--instructional systems, learning packages, behavior modification in the classroom, alternatives to teacher training or to teacher certification, federal influence on education, behavioral objectives, measurement and evaluation and many more--invoke performance contracts, symbolically, to illustrate and prove their point.

To summarize: a new kind of contract has come into use in education; it has been used primarily to hire private corporations to employ new instructional practices; it calls for payment based on results. Controversy has resulted over many issues and because of that controversy, there has resulted a Gordian knot of language confusion.

The Impact of Performance Contracts

Frequently, performance contracts result in public debates over educational issues. Education Turnkey's Blaschke helped plan and manage many performance contracts in addition to designing the Texarkana contract. He calls performance contracts "catalysts for educational reform."

Sometimes performance contracts cause an uproar over their specific provisions--how much the company will be paid, what testing will measure the results, which students will participate--and sometimes they cause an uproar

over teaching methods. There have also been fights over honesty or integrity of both contractors and school systems. There have been wrestling matches for political control of schools.

And often, contracts have been the catalyst for discussion of fundamental educational issues: Who should teach? (Paraprofessionals? Machines? Learning companies?) What should school be for? (To cram the 3 R's? To "civilize" or "humanize" or "propagandize" children?) Who should control schools? (Educators? Students? The state? Parents? School boards? The press?)

Polls Show Public Support

Performance contracts emphasize results. In doing so, they sink taproots into beloved American concepts:

- "You get what you pay for."
- "Education is big business and should be run like big business."
- "The know-how of private industry can solve any problem."
- "Money talks."

Among people who hold these values, and there are many, performance contracts have a deep appeal, as a 1971 Gallup Poll indicates. People were asked this question:

> In some public schools, educational companies are given contracts to put in new methods to teach the children in elementary schools certain basic skills, such as how to read. These are called "performance contracts." If the children don't reach a certain level of achievement, the company doesn't get paid for those children who fail to reach the standard. Would you like to have such contracts made here, in this community, if the overall school costs remain about the same?

According to the results reported in the September 1971 issue of Phi Delta Kappan, 49% favored the idea, another 23% were undecided. The same poll in September 1970 showed that 23% favored it. The National School Boards Assn. (NSBA) polled those who attended its 1971 national convention and reported in the July 1971 American School Board Journal that 52% of board members favored the idea; 31% were undecided or indifferent.

Performance contracts have raised several trends to public awareness, both within the education community and beyond. The emphasis on results has bolstered the advocates of behavioral objectives. The emphasis on costs as well as results has focused some attention on the importance of efficient management of schooling. The intrusion of private corporations into the limelight of educational innovation has given succor to those who dislike the uniformity and monopolistic character of public schools.

The use, in some contracts, of air-conditioned and carpeted environments and of techniques of motivating children such as rewards, tokens, time to play, etc., has revived interest in "controlled environments," "contingency contracting" and "behavioral modification" as educational procedures.

A Stepping Stone to Accountability

As we shall see in the next chapter, performance contracts provided the stepping stone for the concept of "accountability." While that term has many meanings and emphases, it has acquired a status akin to motherhood. According to the NSBA poll, 92% of school board members favor accountability. So do Pres. Nixon, the AFT, the National Education Assn. (NEA) and some textbook publishers, though each uses the term to mean a different thing.

Leon Lessinger, former associate commissioner of the U.S. Office of Education, has tried particularly hard to push accountability beyond the status of mere slogan and has suggested a repertoire of procedures to achieve educational accountability. He and other advocates of accountability cite performance contracts as examples of these procedures--which they sometimes are: performance planning and budgeting systems, cost/benefit analysis, management by objectives, management information systems, needs assessment, formative and summative evaluation, educational accomplishment audits and more.

In short, performance contracts have captured the imagination of many people. Where they have been used, they have sometimes sparked profitable public debate of educational issues. Sometimes they have led to changes in school systems. In addition, they have influenced the national discussion of many aspects of education. And because of all this, some youngsters may learn better.

THE TEXARKANA EXPERIENCE

Performance contracting began in Texarkana by coincidence.

Charles Blaschke, who proposed the concept to Texarkana school administrators, had explored the use of this technique for some years. He discussed the subject in his 1965 thesis at Harvard U. on "Federal Procurement Policies: A Means To Foster Innovation." Later, when he was at the U.S. Dept of Defense (DOD), he was privy to speculation about use of DOD technology and management techniques in other fields, including education.

His 1967 attempt to apply performance contracting within a Gainesville, Ga., concentrated employment program had been rebuffed. Its implications frightened away federal and state officials. He continued to search for a more receptive situation.

In 1968, Texarkana schools had a variety of problems: a high dropout rate (15% annually in poverty areas), pressure from HEW to desegregate, pressure from white parents who feared that desegregation would lower the quality of schools, vast achievement differences between black and white secondary school students and an austerity budget. Because Texarkana's city government had secured federal Model Cities demonstration funds in 1968, model cities officials wanted increased participation in education decisions.

Recognizing an opportune situation, a mutual friend suggested Blaschke speak to Tom McRae, director of the Model Cities program in Texarkana. McRae was impressed and arranged for Blaschke to meet Texarkana's three school superintendents in December 1968. Blaschke persuaded them to apply for a planning grant to create a multifaceted, five-year dropout prevention program. During the first year, in order to prevent low-achieving students from dropping out of school, Texarkana would contract with a private educational company to teach reading and mathematics skills.

Blaschke became consultant to the three districts and within a week had submitted a proposal under the new Title VIII dropout prevention provision of the Elementary and Secondary Education Act. Sen. George Murphy, R-Calif., had sponsored a measure in 1968 allowing districts to submit proposals outlining a specific educational problem they wished to solve.

The district would receive a small planning grant to hire a "management support group" to aid in writing a formal proposal. Money for the program would be given to a small number of districts for concentrated efforts. Moreover, an "independent educational accomplishment auditor" would be hired who eventually would certify the results of the program.

Promoting Cost-Efficient School Programs

From Blaschke's point of view, performance contracting is one managerial device for seeking and selecting cost-efficient school programs. It allows a district to search the marketplace for the best available ideas, then contract with the corporation submitting the best proposal. Eventually, the district can take over the contractor's teaching system--a process Blaschke calls "turnkey."

Texarkana, with its low achievement, high dropout rate, desegregation deadline and tight budget, provided an opportunity to demonstrate that schools could purchase low-cost, low-risk attempts to solve their problems.

From school superintendents' point of view, Blaschke's proposal would ease a crisis, provide extra money and jobs, lower the dropout rate, enhance their reputation and bring new techniques and expertise to the schools. Also, Blaschke adds, a successful program would enable school officials to demonstrate that certification, tenure and other regulations restrain school systems from solving their own problems. It was a something-for-everyone proposal which had wide public appeal in Texarkana.

USOE's Leon Lessinger, formerly superintendent of the San Mateo, Calif., Union High School District, administered the Elementary and Secondary Education Act (ESEA) in 1968. He was committed to providing what Congress wanted: hard-nosed results. Texarkana fitted this mold and was granted a planning grant under Title VIII, ESEA.

The Lessinger-Blaschke Model

Once the Texarkana project began in October 1969 Blaschke and Lessinger became spokesmen for performance contracting. Blaschke emphasized performance contracts' ability to reform schools, to use money more efficiently, to improve school management and to tap private industry as a source of new ideas. Lessinger emphasized performance contracts as a way to specify school outcomes, demonstrate school effectiveness to the public, and improve accountability of federal projects.

Thus, performance contracting emerged in 1969-70, with Texarkana its only example in education. It led to a new and strange vocabulary (to educators), high-powered federal government support and a new slogan, "accountability."

Performance contract, accountability, turnkey, RFP--all were evolving concepts and practices. The terminology was imprecise and shifting in meaning over time. It would be unfair to say that the following brief description is a "fixed" or final version of these ideas as Lessinger and Blaschke developed them.

But, essentially, behind the terminology, Blaschke and Lessinger concur that schools need sophisticated management techniques. They hoped that performance contracts, with their common sense appeal, would act as a foot in the door for upgrading school management.

Blaschke and Lessinger spoke of "needs assessment" through which one systematically identifies what is needed in a school system and community and specifies priorities. "Needs assessment" defines a problem in need of solution. In Texarkana, Blaschke consulted with community agencies, public servants, politicians, community groups, students, teachers and others seeking a picture of what Texarkana perceived were its needs and the "actual" criteria to be used in judging an education program.

After needs assessment, the school system or local education agency searches the marketplace for solutions. The school district writes a set of specifications called RFP ("request for proposals") which it issues to all interested parties. At a "bidders conference," the district brings together potential bidders and discusses the problem to be solved. A "management support group" (MSG), which provides technical assistance and manpower to the local district, may conduct the needs assessment, assist in writing the proposal request and in calling the bidders conference. Blaschke fulfilled the management support role; he issued a proposal request to 113 educational technology companies and conducted a conference at which 40 companies were represented. After such a conference, interested parties submit proposals. In Texarkana, more than a dozen corporations expressed interest, including RCA, McGraw-Hill, Macmillan and Behavioral Research Laboratories (BRL).

Once the proposals are received, the school district studies them and selects a contractor. The district then negotiates a performance contract, in which the contractor agrees to payment in accordance with the effectiveness of his teaching system. In addition to the contractor, and perhaps a management support group, the district hires an "independent outside evaluator" to monitor the project and to administer, score and interpret evaluation instruments. It also hires an "educational accomplishment auditor" to certify that the evaluation is properly handled. At the conclusion of a project, a district may adopt--or as Blaschke says, "turnkey"--all or the best portions of a contractor's learning system.

The First Year in Texarkana

The contractor selected in Texarkana was Dorsett Educational Systems, a manufacturer of teaching machines. The company promised to produce at least one year's gain in reading and in mathematics for each student, as measured by standardized achievement tests, in 80 hours of instruction. His fee was $80 per student per grade, with a sliding scale for more achievement per student than specified or for the amount of achievement specified, but in less time. If a student did not gain at least one year in reading or math, Dorsett would not be paid.

The concept of "gain," as measured by standardized achievement tests easily persuaded the combined Texarkana school boards to select Dorsett. It had promised the most "cost-effective" program among the dozen bidders. That is, Dorsett "guaranteed" more learning (gain) for less cost. Not until months later did test experts begin to challenge this use of standardized tests to measure effectiveness. Rather, this usage was legitimized by its acceptance in Texarkana, and it became the evaluation model for most 1970-71 performance contracts. (See chapter on Testing, p.49.)

Dorsett has proposed to establish six Rapid Learning Centers (RLCs) which each student attended two hours daily to study reading and mathematics skills. The first opened Oct. 15, 1969, and between then and May 1970, over 300 students enrolled in the RLCs. The typical RLC had one paraprofessional and one professional with 20 or so students at any one time.

Dorsett made heavy use of its teaching machine to present instructional materials. This machine coordinates a film presentation with a sound recording. It responds by voice to students' correct and incorrect answers. However, as this was Dorsett's first major demonstration of the machine, the company had to either adapt other publishers' material or create teaching material in the course of the year. Thus, for Dorsett, the Texarkana project was an opportunity both to demonstrate the machine's capabilities and to develop instructional materials concurrent with instruction.

In concept, Dorsett's Rapid Learning Centers were similar to their less publicized dropout programs elsewhere. They involved an attempt to "diagnose" student learning needs, "prescribe" what a student needed to learn and present him with a sequence of programmed instructional materials. The next year, several other educational technology companies used this same basic "individualized instruction" concept. While the term "performance contract" refers primarily to the contracting process itself, publicity surrounding Texarkana and other performance contracts has tended to confuse "performance contracting" with this individualized teaching strategy. In order to perform contract on the basis of student "gain," a pretest was given each child when he entered the learning center. When it was judged he had achieved sufficiently, he was retested. If he had gained at least one year's growth, he returned to his regular classroom and another student entered.

Dorsett also attempted to use motivational techniques borrowed from work of behavioral psychologists and referred to as "contingency management." Essentially, this was a reward system in which students received small prizes for lessons completed, larger ones for tested achievement gains. In addition, good work and behavior entitled a student to free time to use games, puzzles, popular magazines; to listen to popular music; or to rap with friends. All of this was accomplished in a pleasant, carpeted, air-conditioned environment which contrasted sharply with ordinary classrooms. During the school year, Dorsett's use of Green Stamps and transistor radios as motivating devices received more publicity than any other aspect of the program. Other contracts have used similar techniques, some rather crudely, some with calculated precision.

How an RLC Operates

Edward Trice, superintendent of Texarkana, Ark., School District, describes the operation of a Rapid Learning Center:

> The role of the teacher in the RLC is altogether different from the role of the teacher in the traditional classroom. She could be called an instructional manager. She programs each individual's assignment. At the end of her school day she goes to the main center and picks up her material for the next day--that is, the film,

records and other software she needs. She takes this back to the school and places it in each child's folder. This arrangement allows the student to pick up where he left off the day before.

When the child comes into the room he doesn't take a seat and wait for a roll call or the tardy bell. He goes directly to his folder, picks up his material, gets his record and film, goes to his machine and threads it himself. Then he puts his headset on and he's in business.

The student couldn't care less about what others are doing; he can't even see or hear them, for one thing. Then he starts his program. If he makes a mistake, there's no one to laugh at him.

Most of the children have come out of a classroom with group instruction where first of all they've been timid about reciting because they realize by now that they don't know the answers. They've been completely frustrated and humiliated. If they made a wrong answer, the whole class laughed at them. Children are just that way. And usually the teacher will not call on them because she, too, knows they can't answer. But here in the lab they're working on their own level, and if they make a mistake only the machine knows about it.

There are incentives built into the process. We have found out that tangible incentives have real value until the youngsters begin to achieve. After a while, according to the project director...achievement is itself an incentive. Children enjoy actually achieving and they forget about the material incentives. But until they enjoy achievement, the incentives are built in.

With slight variation in particulars, this description might describe a dozen or more other performance contract programs during 1970-71.

Evaluators, Auditors Hired by District

Texarkana hired the Arkansas Region VIII Education Service Center, Magnolia, Ark., as evaluator for the project and EPIE Diversified Systems of Tucson, Ariz., as the auditor. In the first year of the contract, amid much confusion, Educational Testing Service was called in to help the Arkansas center with the evaluation. A team from Georgia Tech assisted the center in the second year. According to the Rand study of performance contracting, their work was among the best evaluation studies done of performance contracts. Their help proved particularly valuable in providing another viewpoint when scandal over testing broke out at the end of the project.

The First Results: Promising Gains

The first test results from the Texarkana project were revealed to the world in February 1970. They received national publicity. For example, one publication reported:

Startling Reading Gains Hinted in Texarkana

> The nation's first attempt at "guaranteed performance"--bringing into the schools an outside firm that promises to increase student learning--seems to be working. Preliminary spot tests of students who are being taught by Dorsett Educational Systems in the Texarkana USA Rapid Learning Center show achievement gains, after 48 hours of instruction, averaging more than two grade levels in reading and more than one grade level in math....
>
> Since the Texarkana project first began in October, more than 250 school districts have written to ask how they might do the same thing. And at least a dozen districts are in the initial stages of planning, says Leon Lessinger, the former associate commissioner of education who led the accountability movement last year....

Texarkana became what Richard Bumstead, editor of Educate, called "the mecca of the educational world."

Needless to say, educators were excited. Dorsett, Lessinger, Blaschke, their representatives and their counterparts in other agencies, plus Texarkana school officials, spoke at national conferences, published in educational journals, contacted their friends and potential customers; momentum built.

The greatest shove came from Pres. Nixon, whose March 3, 1970, educational policy address adopted the "accountability" standard:

> Apart from the general public interest in providing teachers an honorable and well paid professional career, there is only one important question to be added about education: What do the children learn.... One conclusion is inescapable: We do not have equal educational opportunity in America....
>
> The corresponding need in the school systems of the nation is to begin the responsible, open measurement of how well the educational process is working. It matters very little how much a school building costs; it matters a great deal how much a child in that building learns....
>
> From these considerations we derive another new concept: accountability. School administrators and school teachers alike are responsible for their performance....

By summer, projects were announced for 1970-71 in Dallas, in seven Virginia counties, in California and in Michigan--and Education Turnkey Systems had connections with more than half of them.

The biggest project was announced by OEO: a national experiment to determine whether performance contracting as used in Texarkana would serve to fulfill Pres. Nixon's demand for "accountability."

'Scandal' Disclosed

To the chagrin of OEO and others, the Dorsett project in Texarkana was greeted with scandal in July 1970. "Teaching to the test!" was the accusation. Prima facie evidence was discovered that some items in Dorsett teaching materials developed that year contained test items from the final test used to determine payment to Dorsett. "Whatever the reason for that situation," Kenneth Gehret wrote a year later in Christian Science Monitor, "the lure of profits is inevitably blamed." It was a severe black eye for performance contracting; potential critics took this opportunity to condemn the entire concept and the federal government's interest in it.

Exactly what occurred remains a matter of dispute and may never be resolved short of legal action. After the "teaching to the test" charge was publicized, claims and counterclaims were made by Dorsett, the Texarkana districts involved, the internal evaluator, the auditor, plus Educational Testing Service (ETS), which was called in by USOE and the districts to counsel everyone. In brief, a junior high student taking a posttest in May remarked, within the hearing of Texarkana's project director, that he was tired of answering the same old question. Apparently Dorsett's chief programmer and sister of Dorsett's president had written materials containing the suspect test items which were included in student work during April and May. Dorsett claims that only 6.5% of the test items in the May test were affected and that, while the company was appalled at the occurrence and eager to make any possible restitution, it felt the tests results were not greatly affected. However, ETS concluded that the posttests had been rendered invalid. The district withheld $30,000 because of the allegations. In April 1972 Dorsett filed a lawsuit against the district for the $30,000 and "damages."

Supt. Trice said the project had achieved its primary purpose--to effectively reduce the dropout rate. "Only 8 out of 800 potential dropouts have left the school during the past two years. The normal dropout rate for this group is 25%--or 200," Trice said. Although he dismissed the testing incident as minor, but unfortunate, Dorsett did not receive a second year's contract to continue operating the Rapid Learning Centers.

Instead, after competitive bidding, the contract was given to Educational Development Laboratory (EDL), a division of the McGraw-Hill Publishing Co. EDL charged $300 per student per grade gain--more than three times the Dorsett fee. At the end of the second year of the project--the 1970-71 school year--EDL's own test scores indicated substantial improvement in student learning. But, standardized achievement test gains were low. Overall, the mean score was .48 of a grade level advance in reading and .31 in math. In 1971-72, the two districts dropped EDL and took over the operation of the Rapid Learning Centers themselves. Trice says it is continuing to achieve its prime goal--to reduce the dropout rate substantially. (The Texarkana project is discussed at length in Volume #3 of the Rand Corp.'s Case Studies of Educational Performance Contracting.)

TEXARKANA FOLLOW-UPS

During the 1970-71 school year several districts joined Texarkana in attempting performance contract projects. Most of them were planned during the spring of 1970, when results from Texarkana were being publicized; therefore, most of them resembled Texarkana. If they differed from Texarkana, they were usually simpler, dispensing with one or more facets of the Texarkana experiment. Some did their own testing, instead of hiring an outside evaluator. Several did not hire an educational auditor. Several dispensed with bidding.

But virtually all projects employed private corporations to teach disadvantaged students for one school year. Virtually all projects paid the contractor according to student achievement gains on standardized achievement tests.

Large and small, there may have been as many as 50 performance contracts during 1970-71. The Banneker project in Gary, Ind., OEO experiments in 18 cities, and three contracts in Grand Rapids are described in subsequent chapters.

Briefly noted, here are some others:

Philadelphia

Unlike contracts in which the private corporation controls the learning environment, in Philadelphia the contractor supplied materials and teacher training to over 500 teachers. Otherwise, the contractor--BRL--had little control over teachers or classrooms. Essentially, BRL guaranteed the effectiveness of its Project READ materials.

Fifteen thousand students from Philadelphia's inner-city District #4, including all primary school youngsters and all underachievers in grades 4-7, participated in "Project Read-G." BRL promised one year's achievement for every child who attended school 150 days. If students attended less, BRL received a flat fee of $20. If students achieved one year's gain, BRL received a fee of $40. If students failed to achieve one year's gain, BRL received no payment.

The results split in thirds: 5,000 pupils did not attend 150 days. Of those who did, 5,000 achieved a year's gain, 5,000 did not. For the total enrollment in the project of 15,000, the mean score in reading achievement gain was 0.9 years. BRL claimed these results were "probably the finest results ever achieved in an inner city." Financially, BRL received the same as it would have if it sold Project READ at its customary price of $20 per student. However, Education Turnkey Systems did its own evaluation of the

project and concluded that students gained as much as one grade level above that reported and that students with IQs below 75 did better than those with IQs above 75.

Virginia

In competitive bidding, Learning Research Associates (LRA) was awarded a seven-month contract in seven Virginia counties. Events here were similar to those in the second year at Texarkana: the contractor's own testing indicated considerable success, but the standardized testing revealed an average gain of less than 0.5 years. All seven districts continued the contractor's techniques into 1971-72, but without the contractor.

(The contract in Norfolk, Va., is the subject of Rand Corp.'s Case Studies in Educational Performance Contracting, Volume #2.)

Colorado

The Colorado State Dept. of Education decided to experiment with performance contracting. Without competitive bidding, it selected Dorsett Educational Systems. Rapid Learning Centers were constructed in three Denver area suburbs, each to serve 100 underachieving junior high school students. Dorsett claims to have succeeded in getting an average of one year's gain in math and reading in 80 hours of instruction at each of the sites. In fact, says Charles Zartman, director of research and development for the Englewood schools, "although the 'Hawthorne Effect' could account for some of the growth, it seems reasonable to conclude that the program itself accounted for a considerable portion of the 400-plus per cent improvement over last year's performance."

Providence, R.I.

In the summer of 1971, AFT briefly revived the teaching-to-the-test charges first heard the year before in Texarkana. The AFT pointed to "wrongdoing" in Providence, R.I. The contractor, New Century, a division of Meredith Corp., had introduced a new vocabulary textbook which contained a high coincidence of vocabulary test items--just two weeks prior to the posttest. However, the posttest scores were low and New Century lost money. The Institute for Development of Educational Auditing, in its independent audit, disagreed with AFT's charge. It said it found no evidence of teaching to the test.

Others

There were other projects in the Texarkana mold: EDL had contracts in Flint and Muskegon Heights, Mich., and San Diego; BRL had one in Monroe, Mich.; CO/MES, in addition to its Grand Rapids site, had a contract in Greenville, S.C.; Educational Solutions had one in Boston, Mass., and one in Oakland, Calif.; Westinghouse Learning Corp. had a small contract in Gilroy, Calif. (the subject of Rand's Case Study #5); Webster Division of McGraw-Hill claimed to have two contracts, but refused to say where.

THE OEO EXPERIMENT

In the glow of the first published test scores from Texarkana, hundreds of educators traveled there, including OEO's Jeffry Schiller and Charles Stalford. They returned to Washington, excited by what they had seen. By April 1970, they had designed a nationwide experiment to "scientifically" evaluate whether performance contracting was of value. Three months later, the $5.7 million experiment was announced to the world amidst great fanfare. Eighteen months afterward, on Jan. 31, 1972, OEO announced its verdict: Performance contracting had "failed."

The Beginnings

OEO consciously imitated what appeared to be the new "panacea" in Texarkana. In the words of OEO's final report, its decision to experiment came as "great enthusiasm and optimism greeted reports that a new program, called performance contracting, was succeeding beyond anyone's wildest hopes with poor children in Texarkana." OEO found performance contracting an attractive concept, the report said, because of its emphasis on outputs (i.e., test scores), its promise for aiding poor children and "indications that performance contracting would become a fad."

Some observers believe the decision to proceed with the experiment had approval from the White House. However, others disagree. The announcement of the project itself reflected Pres. Nixon's language in his March 3, 1970, address to Congress in which he prompted educators to pursue "accountability" for "equality of results" in education. As journalist Fred Hechinger noted in the Feb. 6, 1972, New York Times, "Performance contracting had all the qualities normally admired by the Nixon Administration. Under the concept, private industry...would go into the schools and, in return for a fee, attempt to raise the level of student achievement, particularly among the disadvantaged. If a contracting company failed to produce the level agreed upon with a local school board, it would refund part of the fee. The money-back guarantee is as American as apple pie."

When John O. Wilson, OEO's former director of planning, research and evaluation, announced the project in July 1970, he offered this observation: "Various educational innovations that show great promise are being developed by private industry. In effect," he added, "the techniques promise that, for the first time, education will be able to promise 'equality of results'; that ways can be found to bring poor children up to a level of achievement comparable to that of their nonpoor classmates, and that those providing the education will not be paid if 'equality of results' is not provided."

OEO's rationale was revealed, for example, in a Sept. 23, 1970, speech to the San Francisco Chamber of Commerce by Donald Rumsfeld, director of OEO: "From the standpoint of potential educational reform, the most significant feature of this concept is accountability: no success, no pay. Contractors are paid only to the extent that they are successful in improving the educational skills of the children they instruct. In the experiment, the contractors will be paid only if they increase skills by more than one grade level. They will make a profit only if skills increase by 1.6 grade levels, nearly four times the average now attained in schools serving poor neighborhoods."

In short, what Wilson and Rumsfeld were saying is that the project would demonstrate that better education could be purchased for the same money, because free enterprise would be more capable than public schools.

This struck directly at the oft-heard argument from NEA, AFT and government officials that more federal money is the key to educational improvement. Said Rumsfeld: "Let there be no doubt about it--a major effort has been mounted by a handful of self-appointed education spokesmen to halt any inquiry into the possibility of educational reform.... They fear experimentation because it may call into question their dogmas and orthodoxies.... I doubt that these people speak for most teachers.... I'm sure that many teachers...are frustrated by the rigidities of their professional organizations...."

In the early weeks of the OEO experiment, the success of the project was presumed. It seemed to be a demonstration, not an experiment. As noted by Education Digest in November 1970, "The OEO has awarded 18 contracts of this kind that are hailed, of course, as harbingers of the future, even before they have been completed and evaluated."

Albert Shankar, president of the United Federation of Teachers in New York City, told Efrem Sigel of Knowledge Industry Publications: "This isn't viewed as an experiment, it's a juggernaut. Everyone's going around saying it will succeed." He labeled the experiment a "phony."

The Design of the Experiment and Its Problems

OEO intended to select, from among educational technology companies bidding on the contracts, six companies with proposals "representing a range of innovative techniques."

OEO expected that companies would "guarantee" learning gains similar to those being achieved (according to press reports) in Texarkana. Also, the companies had to present reasonable budgets, since OEO wished to demonstrate that better results could be achieved at costs comparable to those of public schools.

Each company would be assigned to teach, using the methods in its proposal, in three cities. In each city, a company would teach 600 underachieving students--100 each in grades 1, 2, 3 and 7, 8, 9. In each city, there would be a matched control group. An outside evaluator would administer the identical standardized achievement test in all 18 cities to the more than 20,000 students involved.

As in Texarkana, the difference between pretest and posttest would be the "gain" for each student. Comparison of gains between "experimental" and "control" students would reveal the effectiveness of performance contracting.

OEO Contractors Emphasize Various Approaches

Here's how the six contractors in the OEO experiment used student incentives, teaching machines, and/or reorganized texts and workbooks in their 18 projects:

	Incentives	Teaching Machines	Reorganized Texts and Workbooks
Alpha Learning Corp. Hartford, Conn. Grand Rapids, Mich. Taft, Tex.	Heavy	Light	Heavy
Learning Foundations Bronx, N.Y. Duval County, Fla. Hammond, Ind.	Heavy	Heavy	Light
Plan Education Centers Athens, Ga. Selmer, Tenn. Wichita, Kan.	Light	Light	Heavy
Quality Educational Development Anchorage, Alaska Dallas, Tex. Rockland, Maine	Medium	Medium	Medium
Singer/Graflex McComb, Miss. Portland, Maine Seattle, Wash.	Heavy	Medium	Medium
Westinghouse Learning Corp. Fresno, Calif. Las Vegas, Nev. Philadelphia, Pa.	Medium	Medium	Heavy

Because the experiment was conducted in steadfast secrecy--the school systems and companies were sworn not to reveal information unless it cleared through OEO--very few outsiders were aware of the many problems, delays and changes that affected the project.

When OEO issued its report of "failure" it came as a surprise to almost everyone because, from the beginning of the experiment, spokesmen for OEO

had given a favorable impression. One periodical on education, for example, reported in May 1971:

> Performance contracting may be successful in helping children learn, especially at the elementary school level. This is the tentative conclusion being voiced by officials at the Office of Economic Opportunity who are working with OEO's $6.3 million experiment in performance contracting. Project Director Charles Stalford says preliminary indications show that elementary teachers may be more willing to work with performance contracting because it seems to be particularly successful in motivating younger children. "You can't turn older kids around that quickly," he says. OEO's experimental research chief, Jeffry Schiller, agrees. Writing in the May American Education, Schiller says elementary school youngsters in performance contracting are discovering that school can be fun. He notes that a number of habitual truants have been coming to school for the first time--if only for their performance contracting classes.

However, one employe designated by each of the 18 districts as project director knew the problems. Occasionally one would hint at them off the record, but the media were generally unaware of the problems. Later, the project directors prepared a chapter to be included in the final OEO report which enumerated and discussed the difficulties. However, the project directors' chapter was left out when OEO issued its "Preliminary Summary of Results." OEO said it would appear in a later report.

Here are some of the problems pinpointed by the project directors and other observers:

- OEO had assumed that, beginning in July, companies could hire staff, purchase materials, train staff, etc., in time to compete with conventional instruction in September. However, many contractors could not do this. Their programs did not operate to their satisfaction until November or later. They had to hire staff from the small pool of people who had been left when public schools did their hiring in the spring; several contractors received no cooperation from local school districts and had to recruit by newspaper ads and the like. Often, materials could not be delivered in time for staff training or for the beginning of school. In several sites, preservice training was cut short or was ineptly handled.

- OEO had assumed that the six companies could capably employ, immediately, all the techniques in their proposals. However, many contractors could not do this right away. After all, they were young companies who had never taught extensively in public schools before. Three of them were in the business of operating tutorial centers in shopping malls where parents bring students for remedial instruction; one was a publisher; one was a Job Corps contractor; and one's major effort was in teacher training seminars. Some companies offered techniques in their proposals which they had never used themselves; once selected, contractors had to develop their capabilities as they went along. Some of the contractors initially proved incapable of teaching first graders.

- OEO believed that the companies could confidently predict the learning gain they could "guarantee." In fact, few learning companies would attempt this. As a rule, learning companies are recent, with a meager track record in the use of their teaching materials in public school settings. "Guarantees" in the OEO experiment had to be ad hoc educated guesses, influenced by the (inaccurate) press reports from Texarkana.

- OEO had assumed that its six companies would teach very differently from each other and from the ways public schools teach. However, in some cities, contractors' programs were similar to public school remedial programs. All six companies relied upon programmed instruction, reorganized classrooms with differentiated staffing and some kind of student incentive system.

- OEO assumed that using standardized tests exclusively would yield adequate information for a scientific evaluation of performance contracting. In fact, many of the nation's testing experts--including OEO's own evaluator--dispute this. (See "Testing" chapter, p.49.)

- OEO assumed that, beginning in mid-August, when the contract was signed, its testing and evaluation contractor could administer its testing program satisfactorily. In fact, OEO hired Battelle Memorial Institute on Aug. 10, 1970, to operate a national testing program. Two weeks later, Battelle began test administration. According to Battelle and the project directors, inadequate preparation and other unforeseen problems marred the initial testing.

Seeking Political Victory

From the summer of 1970 until the winter of 1971-72, OEO's star fell in the Washington constellation, reaching its nadir in December 1971, when Pres. Nixon vetoed OEO's appropriation (as part of the child care bill) and announced his intention to give OEO a "new role."

The preliminary results of the OEO experiment had been promised during the summer of 1971, but their month-by-month delay raised suspicions that OEO did not want to release the data. They were finally released on Jan. 31, 1972, only after the Seattle schools sued OEO for the information.

In these circumstances, it seemed plausible to many informed observers that OEO sought to wrench some kind of political victory from its release of data. This supposition is supported by journalist Peter Janssen's article in Saturday Review, "OEO as Innovator," which appeared the same week as OEO's results. Janssen concludes that "OEO's programs are not likely to make political waves in an election year.... For its part, OEO is no longer pulling rabbits out of hats. It is consolidating, regrouping, trying to survive."

Janssen quotes John O. Wilson: "With performance contracting and vouchers we got rapidly into the area of institutional change. We tested the water, got new ideas into the arena, forced people to think of alternatives. We went after high visibility. Of course, we didn't want our visibility to be that high."

OEO's Announcement

When OEO released the results of its experiment it said that all the contractors' educational methods did equally poorly:

- The single most important question for all concerned with the experiment is: Was performance contracting more successful than traditional classroom methods in improving the reading and math skills of poor children? The answer is: No.

- While we judge this experiment to be a success in terms of the information it can offer about the capabilities of performance contractors, it is clearly another failure in our search for means of helping poor and disadvantaged youngsters to develop the skills they need to lift themselves out of poverty.

OEO pronounced its experiment an unqualified success (because it "proved" something, i.e., in this case that performance contracting was "useless" to schools). OEO then made light of any problems it might have caused. The blame for the failure of the experiments was laid on performance contracting, the contractors charged.

OEO stressed the following chart:

Mean Gains of Experimental and Control Students Across All 18 Sites

Reading

	Experimental Gain	Control Gain	Difference
Grade 1	NA	NA	NA
2	.4	.5	-.1
3	.3	.2	+.1
7	.4	.3	+.1
8	.9	1.0	-.1
9	.8	.8	--

Math

	Experimental Gain	Control Gain	Difference
Grade 1	NA	NA	NA
2	.5	.5	--
3	.4	.4	--
7	.6	.6	--
8	.8	1.0	-.2
9	.8	.8	--

NA: A adiness test, rather than an achievement test, was used as the grade pretest. There is no grade equivalent for the readiness .

Using this chart, OEO concluded that "regardless of the perspective taken, performance contracting was not responsible for any significant improvement on an overall basis."

The contractors and others might have expected OEO to ask a very different "single most important question": Was there any evidence of successful teaching by any of the contractors which would yield any new knowledge about teaching underachieving students? By lumping together all sites and all contractors, OEO appeared to dismiss this question. OEO was not to be satisfied with less than a panacea, many observers charged. "We have not found a panacea," said OEO's director Philip Sanchez. OEO then tried to wipe its hands of the affair.

Battelle's report, issued some days later (although it was available to OEO before Jan. 31), indicated a few successful sites and a few unsuccessful ones; but by issuing summary results, OEO hid these beneath a statistical carpet.

Ironically, Battelle, in its report, repudiates the use of grade-equivalent scores for evaluation and also rejects the use of pretest/posttest comparisons of experimental and control groups. That is, OEO's evaluator recommends not doing exactly what OEO did, observers point out.

OEO's chart neglects what many consider essential information, also. It compares "mean" scores for groups without revealing the size of the group, the range of scores, the distribution of scores, or the standard deviation. Without this, observers point out, one cannot meaningfully compare "mean" scores, as the chart invites one to do.

OEO says there were no significant differences, but has chosen to use "significant" in a nonstatistical fashion, a contractor said. OEO arbitrarily says that significant improvement would require a difference in "mean" scores of 0.5 years. In a population of 20,000 students, much smaller increments are considered to be statistically "significant."

In sum, many observers believe the OEO experiment is more interesting for what it suggests about the interaction of politics and research, about the gaps between Washington rhetoric and public school reality, and about OEO's news media management, than for what it reveals about the effectiveness of performance contracting.

Indeed, in terms of John Wilson's initial announcement that the project would stress accountability--no results, no pay--the experiment succeeded handsomely. The contractors lost money; some went broke.

OEO's conclusion that performance contracting had been proved useless for schools was immediately challenged. School officials and companies involved charge OEO with trying to bury performance contracting on the basis of questionable evidence. Supt. Trice of Texarkana says OEO's assertion that performance contracting has been found valueless to schools is "as far wrong as can be." Trice, who developed the nation's pioneer performance contracting program, says his experience shows that the concept "has a great deal of merit."

The Stockton and Mesa Experience

In addition to contracting with six educational technology companies, OEO signed performance contracts with three education associations (NEA affiliates). These experiments were intended to test whether teachers who would give incentives to students, and who received incentives themselves for student achievement, would perform better than conventional teachers.

One of the three sites was to be Grand Rapids, but teachers there voted to reject the invitation which would have placed them "in a sort of quasi-competition with the three learning corporations" at Grand Rapids. OEO settled for two teacher contracts, one in Stockton, Calif., one in Mesa, Ariz.

These, too, were hastily initiated experiments. According to the report of the two project directors, the contracts were not signed until November and the experiment began in December. Selecting 600 experimental students, plus 600 control students during November, with the consequent rearranging of schedules and testing of students, reportedly caused ill-feelings and confusion which carried into the experiment.

Prior to OEO's Jan. 31 report, a few statements by the two project directors and by OEO officials had indicated some benefit and pleasure with these two experiments. But, at the press conference at which the results of the 18 projects were released, OEO dismissed Stockton and Mesa as still another case of no significant difference between experimental and control groups.

The project directors at Mesa and Stockton sent OEO a jointly prepared report on their experience. A portion of their comments follows:

"Visible changes in student behavior may have affected some change in teacher attitude as the project progressed. In Mesa, a questionnaire was mailed to each teacher involved in the project. At the elementary level, 61% responded while 62% replied at the junior high level. Most elementary and junior high teachers who responded indicated that:

- Incentives were effective in stimulating achievement and in modifying student behavior.
- Incentives used were appropriate and usually desired by the student.
- Students were able to attend to a given task for a substantially longer period of time.
- It was somewhat difficult to monitor student progress.
- The attitude toward school of students in incentive classrooms was better than the attitude of those in non-incentive classrooms.
- Parental reaction at the elementary level was favorable, whereas the junior high teachers indicated neither favorable nor unfavorable parent reactions (only two parents had unfavorable reactions).
- Teachers favored the use of incentives with disadvantaged students.

- Most teachers did undergo, philosophically, some change in attitude toward the use of incentives during the time the project was in operation.

- The majority of teachers favor the performance contracting concept.

- Most elementary teachers would be willing to participate in another year of performance contracting whereas most junior high teachers were undecided or gave a qualified "yes" to another year; 25% of the junior high teachers were definitely not interested in another year.

- Most elementary teachers felt that the project helped whereas most junior high teachers indicated that it helped students somewhat during the year; approximately 25% reported that it helped quite a bit.

- Incentives are still being used at both levels; approximately 45% of the elementary teachers are using incentives at the same level or greater than last year. Most junior high teachers are using incentives at a reduced level because of lack of funds.

- Pretesting conditions were rated poor with one-third indicating average testing conditions.

- Posttesting conditions were rated average or above at elementary level, and poor at the junior high level.

"The above data does not adequately reflect the feelings of the junior high teachers. Generally, there was a negative attitude toward the program, especially the organization. Since there was no ability grouping, the students were dispersed among all classes causing the organization to be cumbersome to handle. Although this was true at all levels, it was especially difficult at the junior high level. It should also be pointed out that the junior high faculty and students were on double sessions, attending school only in the afternoon. The faculty was heavily involved in meetings to draw up specifications for a new junior high, in designing curriculum, selecting furniture, etc. The incentives program was just one more thing they had to do, even though they voted to participate in the program.

"At the conclusion of the project in Stockton, 87.5% of the participating teachers at this project site indicated that they would participate in another incentives project. The Stockton Teachers Assn. agreed to support a continuing program of 'incentives only.' Both participating principals agreed to continue the program if funding became available."

The Mesa and Stockton project directors released these recommendations:

- That any future "incentives only" project be given sufficient time to permit screening of classroom teachers.
- That any future "incentives only" project be given sufficient time to permit adequate preservice and inservice training.
- That any future "incentives only" project be made more uniform in payment procedures.
- That any future "incentives only" project involving more than one site be designed to provide better control of variables.

Four Companies Talk Back

Four of the six companies involved in the OEO experimental projects issued a special report of their own following OEO's interpretations and conclusions. The summary of their statement, jointly prepared by the Alpha Learning Systems, Inc.; Learning Foundations, Inc.; Plan Education Centers, Inc.; and Singer/Graflex, Inc., reads as follows:

The performance contracting project cannot realistically be described as a definitive, rigorous, experimental investigation of the impact of performance contracting in the remediation of basic learning skills of educational achievement among the disadvantaged in general. It was actually a very large quasi-experiment, of limited external validity, fraught with start-up difficulties, teacher resistance, poor testing conditions and other problems that adversely affected the experimental groups. Apart from the testing and evaluation inconsistencies, limitation of the experiment to a one-year life term was a serious mistake. It is conservatively estimated that the first four months were devoted to reaching the normal September status for experimental students. Concurring with the need for a second year for testing of the educational innovations introduced by the contractors, many of the school districts exerted efforts to find funding to maintain the programs a second year.

The point must be made that had the contractors known that the control groups would not be randomly matched with the experimental groups, had they known that improper levels of achievement tests would be used, and that the tests would not be matched with the instructional programs, the contractors would never have entered into the OEO performance contracting experiment under such terms.

The disheartening thing that the contractors...feel is increased polarization between the educational community and the private sector just at the time when educational technology has reached a stage of development that can produce significant benefits. Private companies ...believe (they) can make a contribution to public education in America if (they) can work in full cooperation with, and not in opposition to, the existing school systems.

Issues such as those described in this statement have made the contractors involved in performance contracting conclude that at best the results are inconclusive. However, the experiment was not without value. A number of concerns of those interested in the impact of new technology in the classroom have been identified and perhaps clarified. Emphasis has been given to measurement and the use and misuse of achievement tests. Many sweeping generalizations can be put to rest; quick cures, and short-range demonstrations alike, can be deemed inappropriate to the magnitude of the task. Finally, it is the recommendation of the contractors that the base established by this experiment be built upon for further investigation. Accountability, by performance contracting or other means, should proceed under controlled experimentation and measurement.

THE BANNEKEP EXPERIENCE—SIGNS OF SUCCESS

The first and only performance contract involving an entire school was established in 1970 at Gary, Ind.

The site: the Banneker Elementary School.

The reason: parent and school board dissatisfaction with how the children were learning under the old system.

The Banneker contract involves more money (well over $2 million), more responsibility for the contractor and a longer period of time than any other performance contract.

Banneker has one other important characteristic: After one year's operation, it is one of the more successful examples of performance contracting at work.

The Banneker school sits on a large plot of land not far from Gary's giant steel mills. It is in a black, working-class neighborhood where one-third of the pupils are from families that receive some welfare assistance.

Most of the pupils at Banneker had not performed well on standardized achievement tests. Of Gary's 33 schools, Banneker ranked 31st on reading and math scores. The average 1969-70 sixth grader at Banneker performed at about the 4.5 grade level.

Behavioral Research Laboratories (BRL) of Palo Alto, Calif., was selected as the contractor, with these specific instructions: to set up a four-year program which could be turned over to Gary school officials after three years; to raise pupil achievement in reading and math by at least one grade level as measured by national standardized achievement tests. BRL estimated the cost at roughly $800 per pupil per year. If a child failed to achieve a one-year gain in a year's time, however, all the money spent by the district on that child would be refunded by BRL.

The Center for Urban Redevelopment in Education (CURE) in New York City was chosen from among several firms as an evaluator to judge each pupil's progress through the program.

Although original program documents called for an auditor, none was appointed until the summer of 1971. It was announced that Price Waterhouse and Co. would audit the testing results and validate the evaluation design. The Rand report, Case Studies in Educational Performance Contracting: Gary, Indiana,

stated that Price Waterhouse did not certify the evaluation design or examine the testing. To quote the Rand report:

"Price Waterhouse, in its words prepared a...computation setting forth the net consideration for services rendered at Banneker School for the school fiscal year 1970-71 provided under Sections 5 and 7 of the agreement between Behavioral Research Laboratories and School City of Gary, Ind., dated Sept. 22, 1970. This computation was prepared utilizing data obtained from certain financial enrollment and attendance records of School City of Gary, Ind."

Goals, Reactions, Results

These were BRL's ideas as expressed in its proposal to the school board:

- To create a total systems approach to learning in the elementary school using all the appropriate, proven techniques of instruction, staff development, community participation and school management required to produce measurable results.

- To diagnose, prescribe, implement and monitor an individualized educational program for each child, using programmed instructional materials and preservice and inservice training programs for administrators, teachers and paraprofessionals.

- To allow an independent evaluator to make a thorough and meticulous evaluation of each child's progress through standardized tests. Results in both cognitive and affective areas will be measured carefully.

- In the daily operation of school, classrooms will be known as learning centers and teachers as curriculum managers. Staff will learn to be versatile; individual members will change their role and assignments according to the children's needs and progress, and children will progress at different rates of speed and will move in and out of centers according to schedules set by themselves in consultation with staff.

- To incorporate the most effective means of instruction possible...so the company can demonstrate that it has produced significant improvement in the students' learning.

The proposal, and later, the contract itself, indicated that BRL would have nearly free reign to apply this "total systems approach." Although BRL gave the impression that it was ready and able to do all of this immediately, an instant system did not materialize. BRL did have its successful reading and math programs, the use of a group of consultants and administrators, and a desire to succeed, but like the six companies which contracted with OEO, BRL had to continue developing techniques as the project proceeded.

Because the first six months of the Banneker project were consumed in developmental efforts--reorganizing the school, training staff (and students) in new procedures, expanding from reading and math to the total school curriculum, and making changes to satisfy the state board of education--it is difficult (and possibly misleading) to "freeze" a picture of the Banneker program.

Overall, it resembled Texarkana's project, but on a much larger scale and with highly developed instructional materials. Unlike Texarkana's project, BRL used few audiovisual devices (its own published materials are all in workbook form). Also unlike Texarkana, BRL did not use "contingency management" during its first year and preferred to assert that learning is its own reward.

Toward the end of the first year the pace of change lessened. Three observers visited Banneker in the spring of 1971 and conveyed a composite impression of Banneker's operation:

> Banneker is not run like an ordinary school. For one thing, it uses fewer teachers--24 compared with 34 last year. For another, they aren't known as teachers but as "curriculum managers," and they are aided in class by "learning supervisors." BRL hired 28 supervisors from the community.... The supervisors aren't trained as teachers; many are parents chosen because of their interest in education. The school gets along with fewer teachers because most learning takes place from the materials. (Richard D. James, Wall Street Journal, June 2, 1971.)

> "I couldn't believe my eyes," one teacher said, "when we unpacked new materials from BRL and found boxes of dice! However, they have been marvelous for games that have helped the children in math." In one of the older classrooms at least three sets of activities were quietly taking place at once: a championship checker contest, a math relay race on the blackboard and a game of modern logic called WFF, which was so complicated I couldn't begin to understand it even when one student explained the rules. (Mary Ann Curtis, Gary Post-Tribune, June, 6, 1971.)

> Standing in a Banneker classroom reminds me of a visit, years ago, to a one-room rural school in Iowa. The 40 youngsters in Miss Frances Butcher's Room 106 are 6 and 7 years old. They are divided into groups, like the different grades I saw in Iowa, each doing its own thing. Don Kendrick, the center manager, says of the teaching: "We let the system teach--teacher should manage. What we want from the teacher is the personal touch, talking to the students, saying, 'Read to me,' and asking 'How are you doing?' She can't do that if she has to teach her class the old way." (Jack Star, Look, June 15, 1971.)

Rand Corp., in its report on Banneker, Case Studies in Education Performance Contracting, stressed two other features at Banneker: "...Instead of once more working with the special education students in special classes, her (the special education teacher) main responsibility is working with them in their regular classrooms. A few of the most seriously handicapped pupils receive separate instruction, but for the most part the special education teacher is an addition to the regular teaching program instead of a substitute for it."

The other feature of Banneker: "(BRL is to) use its best efforts to implement an effective and meaningful community participation program; to send brochures and newsletters to parents explaining the activities of the center, disseminating news about the center to local and national media; and

to provide parents with special materials to assist their children at home to stimulate learning and achievement."

During the first year at Banneker, 72.5%, or 396 of the 546 children in the program in grades 2-6, made average or better-than-average gains in reading, mathematics or both. Thirty-two per cent, or 176 pupils, made 1.5 years' gain or more. In addition, 90%, or 72 of 80 kindergarten children in the program, scored at or above national academic "readiness" norms, indicating the likelihood of their future success in school.

In the 1970-71 school year, student performance was measured in terms of gains between October 1 and June 1 administrations of the Metropolitan Achievement Tests. The 546 pupils measured in grades 2-6 in the Banneker program averaged 9.5 months growth in both reading and mathematics during the eight months between the two tests.

Reaction of Parents

Before the start of the program, transfers out of and into the school were permitted. These were allowed because Banneker's enrollment of 737 pupils was below the 800 desired for the program. Many parents wanted their children in the program, including some parents who apparently sought the program for their above-average children because they apparently felt it would offer more of a challenge than a conventional school. And, as the Rand report noted, many parents with children who were having trouble in school transferred them in the hope of improvement.

Staff Ratios Changed

During the 1969-70 school year, Banneker had 32.5 staff members. Five teachers were selected as curriculum managers and 16 as assistant curriculum managers. The teachers were not involved in the development of selection criteria and did not know the basis for selection. To bring the staff to size for the program, several teachers were transferred to other schools (the transfers were not taken lightly).

The transfers left 21 licensed teachers in the school. In addition, 21 full-time paraprofessional aides were hired as learning supervisors at rates of $1.75 to $2.05 an hour for a normal workday of six hours, five days a week. The project substituted the aides and considerable materials for 13 certificated teachers, resulting in a much lower personnel cost.

By the end of the spring semester, there were more certificated teachers at Banneker than planned. As of June 1971, Banneker had 23.5 certificated teachers, plus two full-time substitutes. The substitutes filled in for the curriculum managers a half-day a week to permit the managers time to develop materials.)

On the teaching level, there were five teachers (curriculum managers) who were responsible for one of the areas of the reading and language arts, mathematics, social studies and foreign languages, sciences and enrichment.

The other certificated teachers were designated as assistant curriculum managers with classroom instruction their primary responsibility. Each classroom had a paraprofessional or learning supervisor.

To make it jell, BRL named Don Kendrick, a systems analyst with experience in the Air Force and at Lockheed Missiles and Space Co., "center manager." Gary school officials appointed Clarence Benford, a former principal at Banneker, "learning director."

Organizing the Learning Program

BRL stressed the ungraded nature of their program and, therefore, tried to do away with Banneker's conventional system of six grades. BRL set up small groups organized around various materials. The day was organized on the basis of 20-minute modules of instruction. Within a classroom, children could move from group to group for instruction in various aspects of a subject. As a pupil mastered a given body of material, he could be moved into a new group rather than having to wait for a semester break.

At the start, the program was almost exclusively devoted to reading and math, and organized around the Sullivan series of programmed workbooks and materials. By the spring semester (1971), social sciences and science were being taught. The time allocation among subjects remained somewhat different than the conventional program. More time was devoted to reading and math than in the typical Indiana school.

The materials used for social science and science were conventional texts. Instructional techniques were also relatively conventional. In addition to the Sullivan materials, the major texts used were those published by the American Assn. for the Advancement of Science and Science Materials, the Allyn and Bacon Social Studies Program and Man, A Course of Study.

BRL originally planned to inform parents of their children's progress through detailed, complete documents which were to describe the advancement of the pupil through the assigned materials. Difficulties in developing such an instrument and parental confusion about how to interpret the reports led to a simpler but still distinctive document. The report card uses a marking system based on the rate of skill acquisition.

Problems Encountered

The first semester did not fulfill BRL's initial promises. A legal battle between school officials and the teachers union, which started before classes opened, boiled over alleged contract violations.

A dispute with the state of Indiana climaxed with Banneker's decommissioning (removal from the state list of certified schools) in February. The union was irritated by the reduction of certified teachers; the state was upset by the increased teacher-pupil ratio and by the revised curriculum. Morale became a problem and rumors reached the newspapers that teachers were threatening to quit. Paraprofessionals in the school organized and threatened to strike.

The Union Objects

BRL's arrival was taken by the American Federation of Teachers (AFT) as still another taunt in the history of conflicts with Gary school officials. Essentially, the union objected to an insufficient number of teachers, forced transfers of 13 teachers, the use of paraprofessionals who, the union said, served as teachers, and a newly adopted policy at Banneker of transferring teachers on 15-days' notice. The final objection centered around the union's reasoning that the use of two levels of teacher responsibility and two schedules of overtime, plus BRL's ability to promote or demote teachers, resulted in "hidden" merit or incentive pay.

In October 1970, the union informed school officials it had voted to strike. The Rand report notes there was considerable community pressure against the strike. In addition, a court injunction was sought and given to school officials to bar a walkout.

The strike by the AFT and the Gary Teachers Union never materialized and a grievance alleging three basic violations was filed October 21 against the Gary Board of Education. It alleged that the ratio of pupils to certificated staff, the forced transfers and the 15-day involuntary transfer rule were all violations of the contract.

The dispute tumbled into arbitration--minus school officials who refused to participate--and resulted in a finding essentially in favor of the union. And that is about as far as it went--no strike transpired, school officials successfully ignored the union and the union more or less became reconciled to the program as it progressed.

The State of Indiana Objects

The tussle with the state of Indiana goes back to what some say was a personal animosity between Gordon McAndrew, Gary's school superintendent, and Richard Wells, then state superintendent of public instruction. (Wells was a Gary school teacher before being elected superintendent and during the period of the dispute he was still on Gary school rolls with on-leave status. Wells was generally critical of private contracting for school services. He was defeated for reelection in the fall of 1970, by John Laughlin who is on record as being generally favorable to the Banneker program.)

The legal battle started with a letter to Wells from the Gary school board outlining the project and requesting permission to proceed. By return letter, Wells' office said it was illegal. This did not stop Banneker, however, so the Indiana State Department of Education initiated an investigation of the program.

John Hand, state assistant superintendent for instruction, led the investigation and submitted to the state school board a separate personal opinion about the project. "There is nothing uniquely innovative about the Banneker program except the abdication of professional responsibility on the part of school city of Gary and the placement of primary emphasis upon building and maintaining a systems model instead of upon the children and their needs."

The school was dropped as an official school in the State of Indiana (thus being ineligible for state aid) in February and changes were rapidly made in the school. Much of the hassle was settled behind the scenes, and when Gov. Edgar Whitcomb visited the school he pronounced it a worthy experiment. In March the school was recommissioned, subject to periodic reexamination. From February to May, the curriculum shaped up, the furor died, teachers became happier and visitors to the school, including Hand, who had condemned it in February, became cautiously optimistic. In the spring, BRL replaced Kendrick with Brian Fitch, who started mending fences. He spoke of the project as a joint effort between school people and systems developers to build an instructional system. The faculty liked him; no one submitted a resignation as had been threatened the winter before. Clarence Benford requested transfer and was replaced by Sherman Newell, Gary's Teacher Corps director.

During the summer of 1971, Fitch began to refine the system. Eighteen teachers worked under his direction for two months and prepared detailed curriculum guides for the entire language and math curriculum. First the behavioral objectives were reexamined and expanded. Then, teachers searched through BRL materials, all the other materials prescribed by the state textbook commission, and their own files to put together three or more individualized instructional activities for each of the hundreds of objectives.

In Summary

On September 24, 1971, the test results were released. The press release accompanying the results said in part: "Banneker was the next lowest achieving elementary school in Gary prior to this new program in September 1970. Seventy-five per cent of the school's graduates were below grade level in reading and mathematics. Given the present rate of gain in the new program at Banneker, that statistic will be reversed and children now in the primary grades will graduate from Banneker performing at or above grade level."

The news media accepted the test data verbatim, even though a cursory examination reveals that the reporting method certainly accentuated the positive.

The difficulties of the first year were carefully alluded to in the press release. "As encouraging as the first year's results are, no definitive conclusions will be drawn at this time," Supt. McAndrew said. "Up to now much effort has gone into organizing this new program and making improvements." BRL Pres. George Stern said "the program's first year results demonstrate enormous effort by teachers, parents, students, administrators and all others in Gary concerned with the welfare of the public schools. We have never worked with a more dedicated and responsible group of educators. We all still have a lot more work to do. But considering the kind of energy everyone is putting into the Banneker program, nothing but success is possible."

Perhaps of more importance than the test scores, the following data were also reported:

As part of the evaluation by CURE (Center for Urban Development in Education), parents' reactions to the program were surveyed. Eighty-seven per

cent of the parents felt that the Banneker program should be continued. Seventy-nine per cent thought their children had made greater improvement this year than last year in reading; 84%, in mathematics. In addition, 76% to 81% of the parents said their children had made good progress this year in social studies, science, art and music. Seventy-one per cent of the parents noted that their children read more at home, 79% indicated that their children talked more about school and 78% said their children liked school more.

CURE interviewed each staff member and reported that both "curriculum managers" and "learning supervisors" expressed a unanimous desire to continue the program into the next school year and wanted to return to Banneker.

Gary's test scores are quite impressive when they are compared to those of other performance contractors, as in the following chart, particularly in light of the many conflicts and problems during the first months.

MEAN GAINS ON STANDARDIZED TESTS

City	LSC	Test Used[a]	Mean Gains	Remarks
Gary	BRL	MAT	0.7/1.7	Reading/math, first grade
	BRL	MAT	0.7/1.2	Reading/math, grades 2-6
Gilroy	WLC	SAT	0.6	Reading--for contract payment
	WLC	SAT	0.8	Math--for contract payment
	WLC	MAT (Reading)	0.6	Regular district test
Grand Rapids	Alpha	Various	NR[b]	Test identification not released by OEO. Three tests used.
	CMES	EDS	1.2/1.0[c]	Reading/math
	WLC	MAT	0.7[c]	Reading/math
	WLC	MAT	0.6[c]	Math
Norfolk	LRA	Various[d]	0.1	Fifth grade
	LRA	Various	0.5	Seventh and ninth grades
Texarkana	Dorsett	ITBS	NR	Arkansas
	Dorsett	SRA	NR	Texas
	EDL	ITBS	0.5/0.3	Arkansas and Texas, reading/math, grades 6-12

[a]Test abbreviations: MAT: Metropolitan Achievement Test
SAT: Stanford Achievement Test
EDS: Educational Development Series, Scholastic Testing Service
ITBS: Iowa Test of Basic Skills
SRA: Science Research Associates Achievement Tests

[b]NR: data not released.

[c]Mean gains for those students who attended at least 150 days and for whom pre- and post-test scores are available.

[d]Three tests used at each grade, chosen from SAT, MAT, ITBS, California Achievement, and Stanford Reading Achievement. Means computed only for students who took both a pretest and posttest.

Case Studies in Educational Performance Contracting, Volume #1, Rand Corp., Santa Monica, Calif.

The American Federation of Teachers (AFT) and Gary Teachers Union reacted skeptically to the data from Gary. They attacked the 72.5% figure released by BRL as the percentage of Banneker students who made average or better than average gains in reading or math or both. AFT and the local union called the figure a "calculated deception" and "a case of administrative statistic juggling and a neat public relations job on top of it." AFT said only 6 in 10 students made the year-for-a-year gain in mathematics, while only 4 out of 10 did so in reading.

Several observers raised questions about the cost of the Banneker program; the AFT pursued this more vehemently than most. From the beginning, Gary school officials insisted the program "costs no more" than the average per-pupil expenditure, K-12, in Gary. But K-12 costs in Gary exceed K-6 costs by perhaps $100 per student. Thus, if BRL were paid on the basis of elementary school costs alone, BRL would receive less money.

If BRL does not achieve 100% success--say BRL only achieves 80% of its guarantee--tens of thousands of dollars will be returned. Therefore, the real cost to taxpayers cannot be determined until the end of the third year. (Should BRL's overall effect be mediocre, the real cost of Banneker to Gary's taxpayers will be very cheap.)

But despite charges about costs, there is optimism about the Banneker program.

Brian Fitch reported extreme pleasure at the way the new system had operated, observers from the state seemed to be pleased and school system personnel have expressed optimism.

GRAND RAPIDS—THREE COMPANIES COMPETE IN FERTILE SOIL

Grand Rapids, Michigan's second largest city, was the site of three performance contract projects operating in six schools in 1970-71. They were directed by three private corporations--Alpha Learning Corp., Westinghouse Learning Corp. and Combined Motivation Education Systems (CO/MES). In 1971-72, a second generation of projects with these same companies was operating in 14 schools.

One of the companies, Alpha Learning Corp., came to Grand Rapids as part of OEO's 20 national experiments in performance contracting. It turned out to be the most successful of the three sites assigned to Alpha by OEO. Even though OEO delayed the release of test results until long after school began in 1971-72, Alpha's program had impressed Grand Rapids so much that the district renewed one performance contract with Alpha, started another contract and gave Alpha a fixed fee contract as consultant to several schools which wanted to adopt some of Alpha's techniques. Alpha also acquired projects in three other Michigan cities.

Westinghouse held a performance contract to establish learning centers in two Grand Rapids elementary schools. When faculties of two neighboring schools requested that Westinghouse learning centers be placed in their schools also, the centers were added on a fixed contract basis in February 1971.

Test results in June 1971 indicated that both pairs of Westinghouse learning centers--the two on performance contracts, Lexington and Franklin, and the two on fixed fee contracts--achieved comparable results. Tests were administered to students in June and compared with results from pretests. Actual gains were adjusted to read as grade gains. That is, a student gain of .6 in a half year became a gain of 1.2 grade levels. Lexington School students showed a gain of 1.2 grades in reading and .95 in math; Franklin School students did slightly better with a gain of 1.3 grade levels in reading and 1.5 in math. This overall gain bettered that of the old program in the previous year by about .6 of a grade level. Because of these promising results, the number of schools in the program expanded to six, in 1971-72, all on fixed fee contracts. (Westinghouse disbanded its contract learning operations, but the same personnel and procedures are now incorporated as Learning Unlimited.)

The third company in Grand Rapids--CO/MES--established its learning center in all-black South Middle School. CO/MES promised to raise reading and math abilities of low achievers by two grade levels in one year. Normally, students at the school gain .7 grade levels per year and the low achievers assigned to CO/MES would be expected to achieve even less.

CO/MES did not achieve its ambitious goal. Participating students gained 1.2 grade levels in reading and 1.0 grade level in math, double what South Middle School accomplishes on its own. However, since the results fell far short of the contracted guarantee, CO/MES, like several other learning companies, found its first project deep in red ink. Despite this setback, CO/MES returned to South Middle School in 1971-72, but under a more realistic contract.

Here's how Elmer Vruggink, assistant superintendent for instruction in Grand Rapids, answered a question on results of the first year of contracting in Grand Rapids:

Q. What are some of the values you see in the program at the end of one year?

A.
- Improvement in performance in reading and mathematics as measured by standardized tests.
- Reduced dropout percentage in the schools that now use performance contracting.
- Encouragement of self-paced and individualized instruction.
- Encouragement for internal reform. Some ideas are already being generated among staffs that will change the style of teaching in Grand Rapids when contractors leave and "turnkey" (turn the keys of the program over to the school) the process.

Why the Salutary Results

Considering the mixed success of performance contracts in other cities, considering that most cities in the 1971-72 OEO experiment did not continue the projects, considering that many other contracts elsewhere were dropped after the first year, what contributed to salutary results in Grand Rapids?

No doubt the techniques employed by the contractors contributed to their achievements. None of the contractors were publishers. Instead of using proprietary materials (BRL-emphasized Project READ and Project MATH; EDL-McGraw Hill emphasized its Learning 100), the companies selected their teaching materials from diverse sources. Alpha and Westinghouse emphasized paper and pencil programmed materials and constructed classrooms in which students worked individually at desks or tables. CO/MES emphasized cassette players and teaching machines and built classrooms with electrically wired learning carrels. Alpha boasted that its program could be implemented without modifying classrooms, but, in 1971-72, one classroom was carpeted and contained carrels. Westinghouse and CO/MES began with carpeting and air conditioning.

Each contractor created a motivational component within its system. Alpha and Westinghouse derived their inspiration from the work of Lloyd Homme, who is credited with converting psychologist B. F. Skinner's theories of behavior reinforcement for institutional use. Their systems emphasized positive reinforcement through "contingency management." That is, they molded the classroom environment to reward acceptable behaviors. Examples follow:

- Alpha instituted a "token economy" in which students were rewarded for good behavior and academic performance. Each day students had

time to spend their tokens in a "RE Room" (for "reinforcing events") filled with childhood delights--games, toys, candy, pinball, music, billiards.

- Westinghouse provided "buzz breaks" in an "activity room." Completion of three lessons of academic work entitled a student to two buzzes (an alarm clock buzzed every five minutes) in the activity room. In addition, Westinghouse instituted a point system. Diligence and good behavior resulted in points negotiable for hamburgers, small toys, etc.

- CO/MES had a free area where a student who finished a day's work could relax, play a game or listen to music. It also emphasized "achievement motivation sessions" in which teacher and students met weekly in small groups to discuss themselves, their values and their problems.

Changes Made for Second Year

All three companies made substantial changes in their programs before the second year began. Each company acquired different learning materials and revised the sequence of learning activities. CO/MES began teaching all sixth graders--not just underachievers. As a result, achievement motivation sessions were deemed unnecessary for some students and have been left to the discretion of the staff. This ability for easily changing materials and approach is cited as one advantage that performance contractors hold over schools.

All three companies use a differentiated staffing pattern. For example, in the CO/MES centers, there is one "director" who is a professional teacher and two "specialists" who are aides.

Clearly, there is more similarity than difference between the three contractors' approaches to instruction. Test results and subjective judgments indicate that the three contractors achieved approximately the same gains. Vruggink suggests that the details of the systems are unimportant, that "what is successful here may not be the system, but merely being systematic." While the instructional techniques and "systematic" approach may be necessary for improving student learning, they probably are not sufficient. The same contractors with the same methods did less well in other cities.

The administrative atmosphere of the school system in Grand Rapids was conducive to these projects. Norman Weinheimer, superintendent when the contracts were signed in 1970, has become one of Michigan's leading spokesmen for performance contracts and other accountability procedures. Vruggink recently completed his doctorate with a five-year study of compensatory education. A pragmatic man, willing to try most anything to help kids learn, Vruggink is especially disillusioned with the results of compensatory education and most anxious to discover alternatives. Joan Webster, the district's "director of contract learning," shares Weinheimer's view that schools should be more businesslike in their practices and decision making. Moreover, she is reported to be masterful at human relations and a firebrand for innovative ideas. As a result, she is considered an effective spokesman and facilitator.

One can hear around the nation some hair-raising stories about conflict between school representatives and company employes. In Grand Rapids, one finds a mutual admiration society. CO/MES hired Clay Coleman, a popular former principal of South Middle School, to direct its project there. Alpha's John Cline was easygoing and ingratiating. Westinghouse selected Jack Goldberg, a trained, sharp and efficient school administrator. "All three are hustlers. Our kids have benefited," Joan Webster observes.

The friendly competition among the contractors helped smooth many potentially rough moments during the projects. One lesson to be considered from Grand Rapids' experience, observers report, is to set contractors competing with each other within the same district. This seems to take some of the onus off a single contractor whose presence is taken as a challenge to the school system.

Other cities often found their performance contract projects embroiled in tensions that wrack those school systems--urban blight, community dissatisfaction, racial disturbances and financial crises. These problems are not so grim in Grand Rapids. Its populace is more apathetic, its racial minorities are less militant, its finances are less critical.

Unlike Indiana, where the state superintendent of public instruction fought the performance contract in Gary, Michigan's state superintendent, John Porter, urges performance contracts. He has become a national figure because of his emphasis on accountability and performance contracts for schools. In this environment, Grand Rapids acquired state funds as well as moral and political support.

Nor did teachers challenge the programs. Despite NEA's strong negative stance, the Michigan Education Assn. and the Grand Rapids Education Assn. (GREA) adopted hopeful wait-and-see attitudes toward the projects. "If these companies think they have better ways to teach kids, who were we to stand in the way?" David Thompson, GREA executive secretary, asked. Martha Golden, a past president of GREA, taught in the Alpha program and became a staunch supporter of the program. Somewhat ironically, she left Grand Rapids to manage Alpha's new performance contract in Lansing, Mich.

In short, Grand Rapids was fertile soil for planting these experimental projects. The Grand Rapids school system, following a policy similar to the one adopted by Gary, dismissed the complex approach to performance contracts advocated by Lessinger and Blaschke. Grand Rapids chafed all year at the numerous constraints imposed by the OEO contract with Alpha. They wrote simple documents the second year. Vruggink is pleased with the straightforward contracts negotiated in Grand Rapids. He prefers the flexibility offered both the district and contractor. There are too many unknowns in such projects to try to pin down every detail in advance, he believes.

The Grand Rapids contracts include no outside evaluators or auditors.

So far, no one has challenged the legality of these contracts and there have been no snags between the school system and the companies. However, many of the legal issues raised in Gary could be raised in Grand Rapids; they simply have not been.

EXCEPTIONS TO THE CONTRACT STEREOTYPE

During the first two years of performance contracts, particularly because both the popular and the education press devoted so much space to Texarkana, Banneker and the OEO experiment, a stereotype of performance contracting emerged:

- Disadvantaged youngsters, usually in cities.
- Private corporations contracting with school districts.
- Instruction in reading and mathematics.
- Payment based on a single test score.

This stereotype, which some dubbed the "Texarkana model" or the "Lessinger-Blaschke model" of performance contracting, was widely imitated and discussed; it accurately characterizes as many as 90% of all performance contracts.

However, since a performance contract is merely a means for purchasing education, none of these characteristics is a necessary condition of performance contracts. Contracts could include any kind of student, whether young or old, advantaged or disadvantaged, excellent student or underachiever. Anyone willing to share the financial risk of education could be a party to a performance contract, such as teachers or teachers unions, nonprofit corporations and foundations, universities and professors, government agencies or civic groups. Instruction could be in any subject matter. Payment could be based on any mutually acceptable measure or set of measures.

Although they were granted little publicity, several performance contracts have broken away from the stereotype. More are likely.

Seeking Broader Horizons

One example is Cherry Creek, Colo., a wealthy, white suburban district outside Denver. Compared to most school districts, it has few disadvantaged children. Yet, when the state of Colorado decided, on very short notice in August 1970 to seek three school systems for an experiment with performance contracts, Cherry Creek volunteered. Except for the student population, the project fulfilled the Texarkana stereotype--even to the contractor, Dorsett Educational Systems. But while the state had intended to experiment with disadvantaged children, it could not find them in Cherry Creek. Although the state had stipulated that the 100 children in the project had to be two grade levels below norm in reading, 100 such children could not be found. So the contract was rewritten to include children only one year below norm. (For details, see p.47.) Most Cherry Creek students completed instructional units twice as rapidly as had students in Texarkana.

Other examples of performance contracts in which the district did not concentrate on the disadvantaged include:

Boston: Educational Solutions, Inc., a New York corporation that distributes the Words in Color reading materials, was awarded a contract in 1970-71 to improve reading of students in a public school, no matter what their reading ability.

Gary: At the Banneker School, the entire school was included, although at least 25% of that school's population was regarded as "at or above norms" when the program began.

Grand Rapids: In the second year of most of the projects in Grand Rapids, entire grade levels in a school (e.g., all sixth graders) were included in learning center activity, whereas in the first year students had been chosen on the basis of academic deficiency. Parents had urged that the programs be expanded to include all students.

Teachers Try Contracts, Too

During the second semester of 1969-70, while Texarkana was still receiving press coverage for having the nation's only performance contract, Portland, Ore., signed one contract with a team of five teachers using Title I funds.

One elementary school had hired a local equipment vendor in a performance contract, on the basis of extra pay for substantially greater student gains in reading. The five teachers, in a different elementary school, requested and received a similar arrangement. James Holmes, director of planning and evaluation for the Portland Public Schools, explained that "the idea was to allow teachers or educational equipment vendors to demonstrate new procedures and to accept some degree of financial responsibility for the outcome."

During the summer of 1970, a three-way contract was signed involving the district and the teachers, who then were allowed to subcontract with Open Court Publishing Co. At the end of the contract, students' measured gains in reading were 28% above the gains expected under previous standards. However, they fell considerably below the optimistic gains anticipated by Open Court. Thus, Open Court became the first of several corporations to lose money because they overestimated the amount youngsters would learn.

Also that summer, two double-or-nothing contracts using Title I funds for remedial reading were signed in Portland--one with a private corporation (for equipment and materials) and one with a teacher. If the students demonstrated gains twice what would be expected, the contractor would receive twice the normal payment; otherwise, nothing. Holmes reports that the students did achieve twice their expected gain, and the teacher received double payment.

Teachers in Keokuk, Iowa, imitated the Texarkana experience on their own terms. Teachers, aides and students were given incentive contracts--the more each student learned, the more incentives he would receive and the more teachers and aides would be paid. The results reportedly please nearly everyone:

"The average gain for the 60 students was seven months," the English Journal reported in January 1971.... "The results of a questionnaire administered to the students revealed that 27 students felt they had made progress in reading; 27 indicated some progress.... Students also indicated they liked the incentive concept; 44 favored it while seven said it made no difference...."

This, incidentally, is one of very few contracts where anyone reported any data on student attitude.

Cherry Creek, Colo., has had several projects in which teachers contracted with the district for a bonus if students assigned to them in special programs achieved major gains. Cherry Creek also has planned projects in which a school principal contracts with the district, followed by a contract between the principal and teams of teachers in his building.

In Dade County, Fla., four contracts were launched in January 1972. Each of the contracts required the contractor to exceed the normal expectations for the students involved. Two contracts were with private corporations--BRL and Plan Education Centers. One contract involves three teachers; the other contract involves four teachers and two principals.

Contracts with the State, Parents, Students

To date, performance contracts have only been signed with private corporations and with teachers and their organizations. However, others are being discussed. Some states are thinking about performance contracts between school districts and state departments of education in which a district's share of state aid would be dependent on that district's performance. Michigan distributes state compensatory education funds on this basis, in a three-year experiment which began in 1971-72.

Also, it has been suggested that contracts for learning achievement be made directly between school districts and students. USOE sponsored a four-city study in 1971-72 in which incentives were paid to teachers in two cities, and to parents and teachers in two other cities.

More Than Just Reading and Math

For many reasons, almost every contract has been for reading instruction; many have been for reading and mathematics. These subjects are the popular measure of school success and failure; instructional materials are most plentiful, and publishers know enough about the materials to consider guaranteeing results. The national Right To Read project, the availability of commonly accepted standardized tests and the influence of the publicity of Texarkana, et al., have led most contracts along this path.

Again, there are exceptions. The Banneker project involved the entire curriculum, although the program stressed reading and mathematics achievement. So did the contract in Duval County, Fla., although that contract was designed primarily as a performance contract for teacher training.

Dallas, Tex., had a contract for vocational education with the Clearfield Division of Thiokol Chemical Co. First, Dallas selected a group of underachieving high school students who, they believed, were susceptible to dropping out. Between their selection in the spring and the beginning of the program the next fall, half did drop out. Of those remaining, 960 were "experimental" and the remaining 700 were "control."

Donald Waldrip, Dallas' assistant superintendent for accountability and personnel development describes the group as being well below the national 50th percentile in reading, vocabulary and mathematics skills. "Their teachers and counselors indicated that each seemed to lack any desire to succeed in school, or any realistic goals in life.... We chose to go after the toughest customers."

A year before actual teaching started, planning began with a citywide group of 30 people that included parents, businessmen, civic leaders and teachers. One highlight of this group's effort was the inclusion of a course in drafting for girls, all of whom were accepted by local industry when they graduated. The planning group prepared a "wish-list" which was refined into a "request for proposals" and sent to 31 potential bidders.

Eventually, New Century, a division of the Meredith Corp., received the contract for the portion of the program labeled "communications and mathematics," and Thiokol Chemical Co. received the contract for "achievement motivation and occupational training."

In order to maximize the training of staff from these programs, the Dallas district requested that only its own teachers be used by the contractors. Dallas also insisted that contractors' programs be compatible with the school system's operation so the programs could be adopted, if successful. Thiokol's program was adopted by the district the next year.

While the emphasis in Dallas was primarily on teaching students, the implications for teacher training were not lost. Said Waldrip: "I venture the opinion that performance contracting poses no threat to any school district's teachers. But it does pose a threat to teacher-training institutions. If Thiokol or New Century or Jim-Dandy Educational Systems can teach teachers to teach potential dropouts to read, after all the tenured Ph.D.'s in our universities have so resoundingly failed--then I predict we will see a lot of Ph.D.'s out of work during the next decade."

In Duval County's contract with Learning Research Associates (LRA), the major emphasis was on teacher training. The school district decided that teachers should be trained in the use of "inquiry" or "scientific heuristic" methods of instruction. Moreover, the school district selected the teaching materials to be used.

The contractor was termed "teacher support contractor." The program began in the winter of 1970-71 and ran until June. It was re-funded for 1971-72.

In the first phase, only first-grade teachers participated. They received three weeks' training in theoretical and practical problems, including demonstrations with pupils and academic study. Stress was placed on teachers'

self-awareness as it affects the new teaching role of supporting student inquiry. The contractor continued to train and assist teachers throughout the program.

In the second year, the trained first-grade teachers became second-grade teachers under the guidance of the contractor. They, in turn, aided a new group of first-grade teachers.

Other Ways To Establish the Payoff

As in Texarkana and Gary's Banneker project, most contracts merely require that students be pretested and posttested, with payment to the contractor contingent on an increase in test scores.

Both Dallas and Duval County used the practice of having an outside evaluator and an external auditor similar to those pioneered in Texarkana, but both moved beyond the simplistic and troublesome use of a single test. (See section on Testing, p.49.)

Dallas did retain the standardized test score for measuring reading and mathematics gain; the contractor would be unable to recoup his costs if students did not gain an average of 1.4 grade-levels in one scholastic year, in contrast to the typical 0.5 grade-level gain for similar students. New Century did poorly by this standard, gaining an average .53 while the control group gained an average .48. In mathematics, the students gain .33 of a grade level while the control group lost .09 grade. In addition, for information's sake, criterion-referenced tests were administered. These, to everyone's consternation, showed almost no correlation with the standardized scores.

Dallas used school attendance to measure gains in achievement motivation. The contractor was also required to reduce dropout rates below those of USOE's five most successful Title VIII projects. Attendance was measured not in the achievement motivation sessions themselves but in the reading and mathematics classes.

Dallas measured occupational training by judging whether the graduates of the program were employable, as judged by a panel of potential employers. Using these measures, achievement motivation classes were successful. Students attended "communications" and mathematics classes 86% of the time, compared to 73% in the regular program the year before. In addition, students assigned to achievement motivation classes scored better on reading and mathematics tests than those who were not assigned. Ninety-one per cent of achievement motivation students remained in school the entire year, although initially identified as potential dropouts.

Vocational training figures were also impressive: 26.7% of all students in the three vocational courses--auto mechanics, machine metals and drafting--reached the graduate level of training and were employed; 13.3% reached the apprenticeship level; 21.3% achieved the level of assistant; and 23.3% reached the helper level. That is, 84.4% of students enrolled achieved exit levels of employability. If one includes only those who attended at least 84% of the time, as was stipulated in Thiokol's contract, 95% reached employability.

In Duval County, this complex scheme was used to pay the contractor:

- 50% based on performance of students on the Stanford Achievement Test: Primary 1 Battery, as compared with a random sample of other Title I students. That is, if the average for the students in the program did not exceed the average of other Title I students in Duval County, the contractor would lose 50% of his payment.

- 25% based on criterion-referenced items covering the curriculum in reading, math, social studies and science. Tests in 100 objectives, 25 in each area, are given three times during the program. The tests were constructed by the outside evaluation contractor. Payment to the teacher-support contractor is scaled from no payment at 40% achievement to total payment at 100%.

- 20% based on student achievement above expectation. This was further broken down:
  8% based on reading gains above expectation (i.e., 0.5).
  8% based on math gains above expectation.
  4% based on scores from "Part I, The Environment: Social Studies and Science" of the Stanford Early School Achievement Test: Level II.

- 5% based on gains in IQ scores as measured by the Kuhlmann-Anderson test.

Of course, the presumption behind all this testing is the assertion that better trained teachers will cause improved tested school performance by students. This seemed to be borne out by the results of the first phase.

The contractor received the 50% payment for total gains, over gains shown by a random sample of Title I students. The contractor also received about 66% of the amount possible on the criterion-referenced tests, 40% of the money on gains above expectations and 33% of the money possible from IQ score gain.

LRA actually received over $50,000 of the nearly $70,000 possible under the performance contract; in addition, LRA received $9,000 for students who withdrew or otherwise did not fall under the performance contract. The project was continued and expanded for another year.

The examples of Dallas and Duval County suggest that measures of success in performance contracting can range far beyond simple pretest/posttest designs. Measures might include a mixture of scores from several tests, or multiple interpretations of a single test; measures of competence such as criterion-referenced tests, or employability; and measures of student behavior such as increased attendance, reduction of vandalism, or improved records of student deportment might be added.

Expert judgment might supplement or replace tests. Gary and Duval County both surveyed parents of students involved in the performance contract. Although not used for payment to the contractor in those sites, such surveys might prove excellent measures of a program's success.

Contracts for an Alternative School

I-Team, in which the "I" stands for "interdisciplinary," is a dropout prevention program for Cherry Creek high school juniors and seniors. They are identified by the teachers, counselors or administrators who volunteer for this special program.

Housed in a building some miles from the high school, the program is educationally distant as well. It is relaxed, informal, intensely personal, as much a counseling, supportive, student-centered program as an academic one.

The staff consisted in 1970-71 of three full-time teachers, two teaching interns from nearby universities, one director and a secretary. The three full-time teachers were on a performance contract which promised a bonus if the project's many objectives were satisfactorily completed.

A portion of a student's day is academic, but the curriculum has been divided into "minicourses" tailored to student interests. A student's self-selected program may mirror a traditional program, if he chooses, or it may not. Other time is free for lounging and relaxing, for counseling and small group discussions, for work-experience, community projects and special interests.

Although disguised as dropout prevention--which it does admirably--I-Team is an "alternative" school within the district, in which a systematic attempt at diagnosis, prescription, assessment and evaluation of each student is tempered with large doses of friendship and support. The final evaluation of the program in 1971, conducted by a team of college professors, was enthusiastic in its description and assessment of I-Team's progress:

> The total outcome has been that of a greatly improved instructional situation for educationally handicapped secondary students. In the original proposal the statement was made: "Our work begins with the student. In the 'I' Program, the student comes first! This is our reason for being.... Everything in the operation of the program must be focused with this in mind: the student comes first. We may experiment because we do not always know what the student needs.... We hope to discover what will help and what will work, and we will always focus our thoughts on this primary premise: The Student Comes First!" It is the belief of this evaluator that both the director and the staff have not spared themselves in attempting to attain this rather lofty goal.

The program had nine specific objectives, measured in several ways. In the judgment of the evaluators, the program achieved all nine to a high degree.

- A model was to be developed for "interdisciplinary, student-centered experiences for educationally handicapped secondary students." This was judged successful because such a document was submitted.

- For this program, "teacher-developed methods and materials" will be created. The evaluators discussed this objective with teachers; observed materials that had been created for instruction, testing and record keeping; and concluded the objective had been met.

- Teaching materials would emphasize "applications of conceptual knowledge rather than abstract facts." Here the evaluators examined the teaching materials as well as analyzing teacher and student reports of the program.

- An environment would be created for "successful educational experiences which provide the opportunity for increased achievement levels." This was measured both in terms of the ratio of successes to failures--there were almost no failures--and in terms of gains on achievement tests. Gains averaged approximately 2.0 years in reading and 3.3 years in math.

- The environment would provide "educational experiences leading to successful adjustments to the school situation through program modifications emphasizing the relatedness of their educational program to their lives and needs." Teacher reports, student reports, reduction of vandalism to zero, increased attendance and evidence from a Semantic Differential Test all attest to success with this objective.

- The environment will produce "attitudinal changes toward school and education." This was evaluated through student and teacher self-reports.

- Students would become more involved in development of the instructional situations in which they learn; that is, there would grow a student-centered approach to learning. Student and teacher reports both indicate that this occurred; was welcomed by students; and should increase in future years, in students' opinion.

- Students will develop social awareness. Some evidence was found in student reports, in projects completed, and in changes in student courtesy, respect and concern for other students. Evaluators suggested this was the least well achieved objective.

- Students will become involved in the "real world of work." Virtually every student held a job, often with deep satisfaction and success.

Finally, in the opinion of the evaluators, the bonus feature for staff members was effective and should be broadened to the entire project staff:

> The Cherry Creek School District has justified the premise that "performance contracting" does have a place--the place is within the school district, by the district standards and objectives and by the district personnel.... This feature which provides incentive pay to teachers within the district (not to commercial educational entrepreneurs) would seem to have merit. Each of the involved staff members noted some concern relative to his effectiveness in achieving his bonus. No ill effects have been noted so far. This recommendation is for increasing the number of staff members who might receive such a bonus, specifically, the two interns, the secretary and the director.

The experiences with performance contracting in Cherry Creek, Duval County, Dade County, Dallas, Boston, Keokuk, Portland, Stockton, Mesa and a few other places collectively suggest that performance contracts may well be used in many kinds of school settings, for many purposes and with many variations.

TESTING—A POTENTIAL BOOBY TRAP

Inseparable from discussions about performance contracting--as it has been practiced to date--are questions about testing. In the fall of 1971, Thomas Hogan of the U. of Wisconsin remarked that many of the uses of tests in performance contracts have been "sheer nonsense," and that "accusations regarding questionable practices will frequently be true."

E. Gary Joselyn of the U. of Minnesota claimed in January 1971 that "the entire model of performance contracting is called into serious question on this basis alone."

In his article, "Testing Hazards in Performance Contracting," in the June 1971 issue of Phi Delta Kappan, Robert Stake not only detailed the problems of testing which he sees in performance contracting but analyzed why these problems arose:

> First, performance contracting appears to be popular with the current Administration in Washington because it encourages private businesses to participate in a traditionally public responsibility. It is popular among some school administrators because it affords new access to federal funds, because it is a way to get new talent working on old problems and because the administrator can easily blame the outside agency and the government if the contract instruction is unsuccessful. It is unpopular with the AFT because it reduces the control the union has over school operations, and it reduces the teacher's role as a chooser of what learning students need most.
>
> Performance contracting is popular among most instructional technologists because is based on well researched principles of teaching and because it enhances their role in school operations. The accountability movement as a whole is likely to be a success or failure on such sociopolitical items.
>
> Second, to the person little acquainted with educational testing, it appears that performance testing is what educational tests are for. The testing specialist knows better.... The common-sense interpretation of these results is frequently wrong.

Ill use of tests in many performance contracts presumes a widespread misunderstanding of the uses of testing. Performance contracting has served to highlight the vast difference between "testing" and "evaluation"--a distinction some educators, parents or school board members are accustomed to making.

'Being Systematic'—A Key to Success

Elmer Vruggink, assistant superintendent in Grand Rapids, recognized that the lesson to be learned from the three performance contractors in his city was "not the system, but being systematic." Educators, says Vruggink, have rarely been systematic. What does it mean to be "systematic?"

Scarcely hidden beneath the surface of both "accountability" and "permance contracting" is the notion of "systems" or "systems approaches." This is not a clearcut notion, any more than "accountability" is; but the two ideas are very similar and often are espoused by the same people.

In effect, a system is any goal-oriented enterprise. It is characterized by procedures for defining goals, organization to accomplish these goals, collection of data on the effectiveness of the system, and procedures for perfecting the process as experience (that is, the data) suggests.

Systems come in all sizes, as big as the systematic attempt to land men on the moon, as small as mechanically threading a needle. Systems, accountability, technology, management--these are all intertwined concepts. Indeed, the use of documents called "performance contracts" was previously part of a "procurement system" used by the military.

Two related features of any systematic approach are goal setting and evaluation. How close did we come to reaching the goals? Where did we fall short? Why? Depending upon the "system" to be evaluated, available methods of evaluation are numerous; some methods use tests, some methods do not.

But when evaluators employ testing, they often do not use tests in the way public schools generally use tests, namely, to judge or rank students. Their fundamental emphasis for evaluation is to judge systems, not students.

"Without knowledge of results, a system is blind and doomed," wrote Leon Lessinger, in the November 1971 issue of National Elementary Principal. Yet "school systems have very limited and primitive feedback systems. It is the rare teacher who uses evaluation to change his approaches to instruction. Few schools compare their performance to their objectives," Lessinger said.

The Product: An Instructional System

"Until the recent development of educational systems companies such as BRL, there have been few ways to give the concept of accountability real meaning in the public schools," wrote BRL in its proposal to Gary, Ind., in 1970. BRL and most other companies with an interest in performance contracts are "systems" companies. Their products are "instructional systems." Blaschke refers to these companies as "systems management companies."

The basic question being asked, at a performance contract site, is this: "How good is this system at solving the problem?" As Waldrip said of his contracts in Dallas: "We were not really evaluating performance contracting. Rather, we were evaluating certain instructional systems, and some of them will always work better than others."

Testing for Money

As Robert Stake makes clear, evaluation has tremendous political implications. This is doubly so in performance contracts where the payment to the contractor is directly based on tests.

For many reasons, the most politically favored and widely used evaluation devices in American education are standardized, norm-referenced achievement tests in reading and mathematics. One reason is that they produce "grade-equivalent scores." For every student who takes the test, a simple manipulation of that student's score yields a "grade equivalent," specified to one-tenth of a grade. Hence, Johnny is said to be at "grade level" 4.8. If Johnny is in the third grade, one presumes 4.8 is good; if Johnny is in the seventh grade, that's terrible. Moreover since Johnny spend one year in school each calendar year, one should expect he will gain "a year for a year." By this reasoning, Johnny should score 5.1 at the beginning of the fifth grade, and 6.1 at the beginning of the sixth grade.

Once one accepts the procedure of considering these "grade-equivalent" scores as a standard for each student's proper grade placement in schools--which many laymen, school board members and teachers do--the apparent but misleading statistical manipulations are many. For example, if Johnny is in his fifth year of school and tests 2.5, then one "expects" Johnny will gain 0.5 years in a year. If he in fact gains 1.5, he has tripled his growth rate.

Henry Dyer of ETS has labeled these scores educational and "statistical monstrosities." But no matter, they are politically acceptable, and so they became the measure of performance contract success in all but a few contracts. Contractors profit or lose money depending upon the number of students who achieve specified "grade gains."

The trouble is, the tests are not designed to be used that way. They provide, at the very best, a guide for discriminating among students, not a precise measure of each student. Scores are subject to too many influences and internal errors beyond how much students learn--student attitude, maturation, experience with tests, test-administration conditions, test selection and chance, among others. While these tests can yield valuable predictive data about groups of students, many educators prefer to use them to judge student performance. Grade-equivalent scores get reported in newspapers and recorded on student records and are used to justify claims for success or failure of school systems, federal projects, legislative appropriations. Often, students are grouped or tracked on the basis of grade-equivalent scores, including students assigned to most performance contracted learning experiments.

Contractors, anxious to demonstrate their wares, have agreed to be judged by these tests, although they understand better than their clients how statistically precarious the results of these tests can be. "We didn't pick the test," they insist; "the school picked the tests."

If one looks at a list of grade-equivalent gain scores from various performance contracts, he might find that one city showed average gains of 1.2 years, another a range from .4 to 2.8 years, another disappointing scores of only .33 years. What does this mean? About as much as if the only measure

of the worth of automobiles were the size of the tires. Necessary information is lacking. Which tests were used, which forms of the test, how the test was administered, what the student population was like, how long between pretest and posttest. Most important, does the test measure what the contractor taught or what the students learned?

Teaching to the Test

Only a small number of correct answers are required to achieve a grade gain--in many cases less than five. The temptation is great to coach students to do well on the test. At least two contractors have been caught in this bind; items on the final test were discovered in the instructional materials assigned to students shortly before the test. However, to return to the automobile tire example, if cars with larger tires were worth more money, the temptation would be to overinflate the tires--a dishonest use of a questionable standard. The moral dilemmas of using standardized testing are knotty.

Another kind of test, brought to some popularity by performance contracting, is the criterion-referenced test. These make greater "systematic" sense than standardized tests; if there are objectives which the contractor is trying to reach, test for those objectives. If the "criterion" (objective) is that a student shall be able to discriminate between the terms "rat," "rate," "art" and "ate," test him on that. If the criterion is the ability to use a lathe, test him on that. Such tests may be ad hoc or meticulously created, and vary greatly in reliability and validity. In general, these are not published commercially and must be created for a specific test situation; a few publishers have begun toying with the idea. Some few contracts have attempted to mix standardized and criterion-referenced tests.

Why Testing?

Are the test scores yielded by performance contracts good evaluation? That is, how accurate, how valid, how informative, and how reliable is the data from these tests when one wishes to know how successfully the system taught?

Of course, the answer depends on the objectives. If--and this was true in some performance contracts--the real objective was to raise test scores of kids who don't test well, test scores are great (if they are low in the fall, high in the spring--regardless of the reason). Michigan spent $23 million in 1971-72 to buy grade-equivalent score gains from its lowest achieving students.

But if one's objective is to know whether students read better, it is probably as reliable to ask students as it is to give standardized tests and then manipulate individual students' gain scores. Evaluation (how well did the contractor's system teach the students) does not require this kind of use of tests.

The editors wish to thank Roger Lennon of Harcourt, Brace, Javanovich and The Psychological Corp. for his advice on this chapter.

For further information on the testing issue, the following articles should be helpful:

Stake, Robert E. "Testing Hazards in Performance Contracting," Phi Delta Kappan, June 1971.

Tyler, Ralph W. "Testing for Accountability," Nation's Schools, December 1970.

Stokes, Charles W. "Measuring Gains with Standardized Tests, or, Flies in the Performance Contract Ointment," National Society for Programmed Instruction Journal, June 1971.

Dyer, Henry S. "The Role of Evaluation in Accountability," Proceedings of the Conference on Educational Accountability, Educational Testing Service, June 1971.

Joselyn, E. Gary. "Performance Contracting: What It's All About," presented at the Truth and Soul in Teaching Conference of the American Federation of Teachers, Chicago, January 1971.

Hogan, Thomas P. "Reading Tests and Performance Contracting," presented at Indiana Reading Association conference, Bloomington, Ind., November 1971.

Lennon, Roger T. "Accountability and Performance Contracting," Journal of Research and Development in Education, Fall 1971.

Ebel, Robert L. "Criterion-Referenced Measurements: Limitations," School Review, February 1971.

Block, James H. "Criterion-Referenced Measurements: Potential," School Review, February 1971.

HOW TO ENTER A PERFORMANCE CONTRACT

Entering a performance contract--like hiring a teacher, building a building or choosing a wife--is easy; or it's immensely complex and worrisome, as you choose. The simplest way is to contact an educational company, request the terms under which that company will performance contract, agree to those terms and sign on the dotted line. The most complex procedures require systematically tailoring every decision: Do we need a contract? With whom shall we contract? For how long? On what terms? How shall we monitor the contract? What shall be done when the contract ends?

Remember: performance contracting is a new procedure; it invites and benefits from ingenuity. There may be good sense in rigorously pursuing the procedures suggested in this chapter--unless you find good reasons for doing otherwise. "Caveat emptor!" applies.

Two thorough efforts to advise school districts about the process of performance contracting appeared during 1971: An Introduction to Guaranteed Performance Contracting, from the Michigan State Dept. of Education; and A Guide to Performance Contracting, produced under direction of John W. Adams of the Minnesota Dept. of Education for the Interstate Project for State Planning and Program Consolidation (available from the Wisconsin State Dept. of Public Instruction). The bulk of this chapter is selected from these sources.

The following steps are suggested as important considerations prior to the selection of contracting as the appropriate means for curriculum renewal (condensed from Michigan's Guide to Guaranteed Performance Contracting):

Needs Assessment

First, the process of determining the feasibility for performance contracting requires a careful scrutiny of the existing instructional program, particularly in terms of pupil outputs. Questions should be posed and answered quantitatively about pupil achievement in various subjects and at all grade levels. Student performance in high school should be researched and data reflecting dropouts, vocational placement and college success should be gathered. Of particular interest and value would be comparative data derived from standardized achievement instruments.

Specifically, those children who are not doing well in school ought to be identified. Their strengths and weaknesses should be charted graphically so that a profile of the district's instructional "box score" can be clearly visualized.

The needs assessment ought to involve participation by the local district's professional staff, the community and possibly outside sources. A school-community ad hoc council might be formed to appraise the study and provide advisory service to the local board of education. The school and community could cooperatively establish priorities of instructional needs and decide together how best to cope with them.

Appraisal of Local Resources

Another study, that of local resources, should be undertaken to determine whether the district can resolve its own recognized needs. This appraisal ought to be thorough and objective; and it should include at least the following contributions: local staff capability for delivery, resources for inservice training, managerial efficiency in curriculum control, and cost effectiveness factors relative to raising pupil achievement.

Can the district itself produce the same gains as an independent contractor? Can the school district, employing its own internal resources, apply a systems approach to instruction and obtain significant results at the same or less cost per pupil than an outside contractor could?

Selecting a Project Director

For the point in time that a performance contract appears to be a logical vehicle for resolving instructional needs, it is most important that a local project director be assigned. The position of project director may or may not be a full-time position, depending on the size of the project and the assigned responsibility. The superintendent of schools usually cannot devote the amount of time and attention necessary to coordinate all of the planning phases and negotiations which will require the concentrated efforts of one key professional.

Management Support

A district, when choosing to enter a performance contract, must recognize that added responsibility will be placed on the administrative staff while both negotiating and implementing the contract. The district should determine whether its present administrative staff has the time and expertise to handle such responsibility. If not, the district may choose to hire additional administrative assistance or it may contract with an outside management support group. The state department of education can also be of limited assistance.

When a local school district decides to secure management support, it should also plan to allot a portion of the proposed budget for such services. Some management groups may be engaged for a small percentage of the performance contract. Another alternative, one appropriate for a small contract, would be for the district to employ management support on a per diem basis, the number of days depending on its needs and resources. Generally, management support may perform some or all of the following functions: needs assessment, assistance to school administrators in developing performance ob-

jectives, developing the request for proposals and bidders list, and the assessment of bids received. Once the program becomes operational, the management support group usually assists the project director with such responsibilities as record keeping, monitoring, determining cost effectiveness, public relations and other factors relevant to contract management. The management support group may also provide the necessary assistance to implement the takeover of the contract by the district (turnkey).

Developing 'Time Line' or 'Critical Path'

Once the decision has been made to enter into a contract for instructional services, a time line should be projected. This is a necessary first step if all of the phases are to be accomplished without unrealistic deadlines and subsequent haste. Serious omissions might be made if the time schedule is not designed to appropriately accomodate the tasks or if the proper intervals are not respected. The first date on a time line should be the final one--the turnkey. Working backward from that date, the school officials might then venture some specific predictions. While each time line will differ according to local conditions, the following hypothetical illustration is a suggested planning matrix:

Dec. 1, 1972	Appoint local project director
Jan. 1, 1973	Develop school-community council
Feb. 1, 1973	Complete needs study
Feb. 15, 1973	Determine goals
March 15, 1973	Complete performance objectives
May 1, 1973	Complete request for proposals
June 15, 1973	Assess bids and select contractor
Sept. 10, 1973	Project begins
Late Sept. or Oct.	Pretest
Nov. 1, 1973	Interim evaluation
Feb. 1, 1974	Interim evaluation
April 1, 1974	Interim evaluation
June 1, 1974	Final evaluation
Nov. 1, 1974	Post evaluation
Sept. 1, 1975	Turnkey--District implements program and continues evaluation of pupil gains

Requests for Proposals (RFP)

The principal requirement in a request for proposals is an accurate narrative description of the educational and related conditions in the district. This description may include: educational needs, limitations of funding and calendar, the district's resources and the desired objectives.

Selecting a Model of Performance Contracting

There are several models of performance contracting. A district should investigate the advantages and disadvantages of each:

- Internal: A district should first explore the possibilities of effectuating a performance contract with a group of its own employes.

- Competitive: An RFP should be forwarded to those firms that appear to have a system that is consistent with the educational philosophy of the school district and potentially capable of meeting the defined objectives. The firms then submit their proposals to the school district. The district evaluates each proposal, selects one.

- Sole Source: The school selects an educational firm that it believes can meet the needs in a certain area, such as reading. As commercial firms write more contracts and become more sophisticated in program design, they are developing ready-made plans that are easily adapted to the conditions portrayed by the districts when requesting a proposal. The company chosen is given the necessary information concerning the target population, time and cost limits and the needs of the population. The contractor is then requested to submit a proposal that will meet the needs of the children and one which reflects the accepted theory of learning for the district.

- Modified Sole Source: Instead of involving one firm, three to four firms are contacted. The companies are invited to a joint conference after the school district has had the opportunity to study and evaluate their proposals. The contractors are permitted to bid against one another. This process affords the school district the opportunity to evaluate the opinions and proposals of each of the bidding firms.

- Comparative: The school district should go through the preliminary phases as it would if it chose any one of the four models above. After the preliminary work is done, the district selects two contractors judged to have equal potential for solving the stated problem. The district then divides the children involved in the project area(s) as evenly as possible between the two contractors. The use of this model places the project in a research setting, enabling the local district to study methods and results relative to eventual turnkey decisions.

Considerations in Selecting a Contractor

The program and staff capabilities of a contractor are the first considerations in selecting a contractor. Who are the members of the staff? What are their past involvements and experiences? What is the reputation or "character" of the firm? What is its "track record?" What other projects has it been involved in and what were the results? Is its program a multiple- or single-linear system? There should be alternatives available so if a student fails in the method provided by the contractor it can provide alternate routes for him to follow to accomplish the objectives.

The financial capability and status of the contractor should be explained. The district should consider who is to pay the start-up costs. While there may be advantages to the district to pay the start-up costs, it must be realized that with this "front-end" load the district will assume major financial responsibility if the contractor fails to deliver. The ratio of start-up

costs to total cost must be considered to avoid a project which is too expensive to replicate in the district. It is also a wise idea for the district to get a Dunn and Bradstreet rating on the firm. A performance bond may also be required if there is question as to the ability of the contractor to finance the project.

An understanding of the motivational system used by the contractor should be gained to see if it is consistent with district philosophy. Such questions as whether the rewards are intrinsic or extrinsic should be covered. Do the incentives apply to both staff and students? How would the PTA and other groups feel about giving students "green stamps" or other rewards for achievement? The kinds of management support (such as PPBS) to determine the cost effectiveness the contractor proposes to use should be spelled out. Is the contractor himself on a PPBS operation? Or does he at least have a program which appears to be operable? If he intends to write objectives for the program, has his organization written out objectives for their own operation?

The way in which the contractor handles his research and development (R&D) costs bears close examination. R&D can be either capitalized or expensed. If it is capitalized it is amortized over a period of years. If it is expensed it is charged to the period in which the costs were incurred. From the district's point of view it is preferable to have R&D costs expensed so that the district is being charged only for the actual costs involved in their project and is not paying for R&D done on previous projects. If capitalized, a rationale should be offered explaining how the previous R&D costs relate to the present project.

The school district should have a clear understanding of proposed subcontracting and the necessity for it. If a large portion of the contractor's work has to be subcontracted, there may be waste in high consulting fees and over-all lack of continuity in the project.

The potential "economies of scale" involved in the project must be assessed. "Economies of scale" refers to the forces causing the long-run average cost of servicing students to decrease as the contractor (or district) increases the number of students. Two important economies of scale are increasing possibilities of division and specialization of labor, and increasing possibilities of using advanced technological development or machines.

Division and specialization of labor can be achieved through application of differentiated staffing utilizing teacher aides and paraprofessionals. Districts should have the contractor reveal his staffing plan in advance so that student-teacher ratios, adult-student ratios and other factors are acceptable to the board, administrators, teachers, parents and other groups. State staffing requirements and legislated ratios must also be considered.

Additional terms coming into the educational vocabulary are "consumables" and "non-consumables." These terms obviously refer to the life expectancy of items purchased. Roughly, a consumable item is one whose useful life is less than one year, and a non-consumable item's useful life is of greater duration than one year. Care should be taken by the district to see that in a highly consumable system some guarantee is made that the contractor will not increase the price of the items after the turnkey phase, and that there

is some assurance that the consumable items will remain compatible with the hardware over an extended period of time. School districts should also refrain from purchasing non-consumable materials from the contractor during the first year of the project. If it fails, the district is still committed to pay for the materials. A preferred way would be for the district to lease the equipment or materials for the first year, and apply the leased costs toward the purchase price if the system proves to be successful.

Of paramount importance, but often overlooked, is the involvement of the community in the planning stages. A program, offered by a contractor, which is unacceptable to the consumers has slight chance for success.

Writing the Contract

While every contract differs in content and style, most of them have several common essential elements. Some hastily written contracts have neglected contract provisions that would have solved problems that later arose. School districts are well advised to use the services of an attorney in drawing up this legal document. Therefore, the following should not be interpreted as a complete or model contract but rather should be regarded as a summary of items commonly found in contracts, or as suggestions of items worth including.

The format of this section is as follows: first, a description of what the contract clause contains; second, an illustrative mock-up clause.

1. Definition of parties:

This should include specification of the fiscal agent, the residency requirements, director and manager names, and any subcontractors.

- Contractor - Educational Learning Services Incorporated. Brownsville Independent School District No. 333--the entity awarding this contract.
- Project Director - Mr. George Allen (or his successor designated by the district), to reside in the Brownsville district.
- Project Manager - Mrs. Jean Smith (or her successor, designated by the contractor), to reside in the district.
- Management Support Group - Management for Education, Inc., to provide the agreed upon number of on-site days.
- Auditing Contractor - Testing for Reliability, Inc., to provide the agreed upon number of on-site days.

2. The establishment and description of responsibilities within school and within contractor:

a) The district will appoint a project director and management support group. The district will appoint a project director to oversee the project activities of the contractors. He will be a full-time, paid employe of the district. The project director as the authorized representative of the district shall have general responsibilities for coordination and administration of the program with regard to the district, the contractor, the management support group, the auditing contractor, the local community, project personnel, parents and student participants....

b) The contractor shall appoint the project manager, subject to the prior approval of the project director. The project manager will report directly to the project director.

3. Definition of personnel, including hiring agency, certification requirements, provision of paraprofessionals, jurisdiction of local salary schedules or fringe benefits:

> The contractor shall control its curriculum, teaching aids, materials, and conduct of reading and mathematics programs in accordance with the conditions of this agreement, and shall hire, train and fire its own employes, agents or independent contractors, directly or indirectly paid by the contractor, except for the project director and his secretary.
>
> Teachers used in the reading and mathematics programs will be employed by the contractor unless the district deems it necessary to employ these teachers as regular district personnel. Upon notification by the district to the contractor, the teachers used in the reading and mathematics programs will be employes of and paid by the district....

4. Specification of funds, including the amount and source of funding.
In this project the district will provide funds for the following: physical plant facilities; maintenance and custodial services in project schools. All other costs will be funded under ESEA, Title I.

5. The schedule of fee payment:
This provision could become very complex, covering such issues as: the extent of guarantee; the nature of the reimbursement, e.g., mean gain versus individual gain; cost-plus or performance units only; reflection of incentives and penalties; and adjustment schedules.

> The performance incentive measurement for establishing the unit price to be paid by the district for each student in the reading and mathematics programs shall be based on the results of pretest and posttest gains as measured by the standardized tests and interim performance tests established for each program. The average fixed maximum price based on gains in achievement level and interim performance tests shall not exceed an average of $189.75 per student in the reading and mathematics programs. The total maximum incentive price for this contract for 550 students in each year of the reading and mathematics programs shall not exceed $220,438.50.
>
> Notwithstanding any other provisions of this contract, the contractor shall receive interim provisional cash payments equivalent to sixty percent (60%) of the estimated total maximum contract price of $220,438.50. Provisional payments shall be separated into five (5) installment payments payable within ten (10) days following the administration of each interim test. Each payment will be the product of $28.70 times the total number of students taking the interim tests in mathematics and reading.
>
> Within fifty (50) days after the final posttest results are established and reported to the contractor by the auditing contractor, the contractor shall submit an adjusted final voucher stipulating the final unit price

for each student in the reading and mathematics programs with detailed supporting information. The voucher shall state the total amounts which may be refundable to the district or additionally payable to the contractor in each program.

6. A description of the instructional program, without necessarily divulging proprietory concerns of either the district or the contractor:

The terminal performance objective is to increase, by the specific amount, the academic achievement and skill of fifth-grade pupils in reading and mathematics. To meet this objective, the teaching material will predominantly use the inquiry approach....

7. Condition for termination:
The contract should define the means for concluding the contract.

All obligations of the district undertaken hereunder are wholly subject to federal funds being made available to the district and committed for the purpose of this contract, and the actual receipt of such funds by the district. In the event the funding from federal sources is not received by the district as anticipated during the contract performance period, this contract shall be terminated immediately upon written notice by the district to the contractor. The district shall have no further liability for costs accrued or fees earned by the contractor after the giving of such notice....

8. Provisions for the contractor's reporting and record keeping:
This clause should specify the format of reports, topics to be covered, frequency, and the person responsible for preparing and certifying the reports.

The contractor shall maintain records to reflect all actual start-up and operating costs in accordance with reasonable reporting forms and procedures established by the management support group, and at specific intervals required by the project director for the reporting system and for such purposes of the overall project as are stated in this agreement.

The contractor agrees to provide a full-time, on-site program manager who, in addition to operations for the contractor, will also be responsible to obtain such data information....

The contractor agrees to maintain books, records, documents and other evidence pertaining to the costs and expenses of this contract to the extent and in such detail as will properly reflect costs of labor, materials, equipment, supplies and services, and other costs and expenses of whatever nature for which reimbursement is claimed....

9. Provisions for the settlement of grievances and disputes and the agency which will handle appeals:
This example provides for settlement of disputes within the district. Other alternatives, however, might include outside agencies....

Except as otherwise provided in this contract, any dispute concerning a question of fact arising under this contract which is not disposed of

by agreement shall be decided by the project director, who shall reduce his decision to writing and furnish a copy thereof to the contractor. The decision of the project director shall be final and conclusive unless, within thirty (30) days from the receipt of such copy, the contractor furnishes to the project director a written appeal addressed to the district general superintendent. The decision of the superintendent or his duly authorized representative for the determination of such appeal shall be final and conclusive unless determined by a court of competent jurisdiction to have been fraudulent, or capricious or arbitrary, or so grossly erroneous as necessarily to imply bad faith, or not supported by substantial evidence....

10. Liquidated damages and delays and defaults:
This clause should cover the contingencies of both excusable delays and defaults and preventable delays and defaults.

The contractor shall not be in default by reason of any failure in performance of this contract in accordance with its terms if such failure arises out of causes beyond the control and without the fault or negligence of the contractor....

11. Definition of the target population:
This should be a detailed clause including how the students are selected, what data are used, what type of students are included, and conditions for the student's retention.... These may be specified in an appendix or attested by the independent auditor as valid.

All students in the reading and mathematics programs will have grade level deficiencies in reading and mathematics as determined by a standardized, commercially available, achievement test to be selected and administered by the district or its designee. Students will be selected for participation by the district through random assignment from a target population pool of 1,600 students in grade 5. The district shall obtain written parental consent for students to participate in the project. No students shall be placed in the reading or mathematics programs who would not be eligible and accepted for instruction in regular district classes by virtue of mental or emotional deficiencies. If, during the first thirty (30) days of the program, the contractor determines that a student is not qualified to participate in the program because of emotional or mental deficiencies, it may request the student's removal in writing to the project director. Upon the project director's determination, an individual test will be administered by a certified psychologist under the aegis of the auditing contractor. In all cases, the project director's decision on student participation shall then be final and binding.

For the purpose of this contract, the following are the only bona fide reasons for a student leaving the program:

a. The student is retained in institutional care, such as in a hospital, or confined before or after trial for law violation.
b. The family moves out of the metropolitan area.
c. The student dies or is incapacitated by illness or otherwise for

either a continuous period of eleven (11) days or for intermittent periods totaling twenty (20) days in any three-month period.

d. The student is removed upon request of parent or guardian.

In all these cases, the contractor shall give written notice to the project director when in its opinion a student's absences warrant removal from the program. The project director shall obtain a written statement from the parent, and the validity of the stated cause shall be certified by the auditing contractor.

The contractor shall daily furnish the names of any absent students to the project director, and the district shall use the same efforts and procedures as are used for all other students in the school district to ensure continued attendance at future sessions and at any make-up sessions which may be required. If the student transfers to another school in the district, the district shall not be responsible for replacing such students in accordance with procedures determined by the project director. If regular school schedules are changed, the district will ensure that time will be provided for students in the reading and mathematics programs to continue to participate in these programs.

A student shall not remain in the contractor's classes if receiving disciplinary punishment, including temporary expulsion from regular classes. The district shall inform the project director whenever a student receives disciplinary punishment or temporary expulsion necessitating removal from the contractor's classes. The contractor may request the district to initiate such action for particular students based on their behavior in the reading and mathematics programs.

Those students remaining in the reading and mathematics programs after the first thirty (30)-day period shall remain in such programs for the full number of class days normally scheduled by the school for all students. Any student who does not remain in a program shall be the subject of inquiry and certification by the auditing contractor, and the reason for students leaving the programs shall be stated by the auditing contractor in an evaluation report....

12. Provision for turnkey:

The contractor agrees that, upon request of the project director, the contractor will expend a reasonable amount of effort in training local personnel in the maintenance and servicing of the contractor's proprietory equipment used in the reading and mathematics programs.

The contractor agrees to train or orient project management staff selected by the project director and the management support group in the use of management techniques and approaches involved in the contractor's instructional systems.

The contractor agrees to submit in writing to the management support group and the project director, for their use in monitoring the overall project, a management plan with specific task assignments, activities, and planning charts not later than thirty (30) days after the beginning

of instruction. The contractor agrees to make available to the district on a confidential basis all internal planning and operational documents related to the conduct of the reading and mathematics programs, as may be deemed necessary by the district to fulfill the intent and purpose of the overall project.

13. Schedule of penalties for non-compliance, for example, penalties for teaching the test by either contractor or district personnel.

Within thirty (30) days of the commencement of the project, the auditing contractor will examine the programs that constitute the contractor's curricula in reading and mathematics. If the auditing contractor finds within the materials test questions from the standardized examination being used to evaluate the contractor, it will identify these items in a written report to the contractor; in like manner, the contractor will present additional materials that it introduces for use in the project to the auditing contractor at least ten (10) days prior to their utilization in the project and the auditing contractor will identify items that are unacceptable, for the reason that such are contained in the standardized test being used for evaluation of the contractor, and report to the contractor within ten (10) days.

If, upon presentation of the instances of "teaching the test," the contractor agrees with the auditing contractor, then the items in question will be deleted from the curriculum. If the contractor disagrees with the auditing contractor, the contractor will be permitted to present its case directly to the district. Should the district agree that the materials or items in question should not be used, the contractor will immediately remove them from its materials. If the contractor fails to do so promptly, the district may consider the contractor's inaction as a breach of this agreement.

Other provisions which may be necessary in contracts are: The term of the contract, a statement of local philosophy, a statement of the evaluation design and/or specification of test instruments; a statement of district monitoring policies; conditions for all testing; provisions for research and development being carried on in the school; definition of proprietary concerns; provision for changes in program; and a covenant against contingent fees.

Special Reports by the Editors of Education U.S.A.

Students Rights and Responsibilities: Courts Force Schools To Change. Explains what rights students have under the Constitution, interprets recent court decisions, describes how schools also stress student responsibilities, presents sample local policies. 1972, 64 pp., #411-12814. Single copy, $4.

PPBS and the School: New System Promotes Efficiency, Accountability. Explores pros and cons of PPBS, a management tool that can be used to plan and manage a school district's activities and resources. Gives specific examples and describes steps. 1972, 56 pp., #411-12810. Single copy, $4.

Education of the Gifted and Talented. Reports shocking findings of the neglect of 1.5 to 2.5 million gifted and talented youngsters and relates plans to make their education a major national priority. 1972, 72 pp., #411-12806. Single copy, $4.

Paraprofessionals in Schools: How New Careerists Bolster Education. Tells how paraprofessionals are helping to increase student achievement, to free teachers to teach, and to "unfreeze" traditional school organization; what they do on the job; how to recruit, train, and supervise them. 1972, 64 pp., #411-12804. Single copy, $4

Year-Round School: Districts Develop Successful Programs. Includes definitions, advantages and disadvantages, comparative cost figures, and capsule review of 20 districts now operating a year-round program, plus comprehensive case studies of six year-round programs. 1971, 64 pp., #411-12802. Single copy, $4.

Shared Services and Cooperatives: Schools Combine Resources To Improve Education. Tells how the rural school district, education lab, or even city system, can share such services as special education, enrichment programs for minority groups, counseling and guidance. 1971, 60 pp., #411-12798. Single copy, $4.

Drug Crisis: Schools Fight Back with Innovative Programs. Puts the problem in perspective, gives specifics of what is essential for a successful school drug abuse program and describes the programs considered most successful. 1971, 64 pp., #411-12796. Single copy, $4.

Vandalism and Violence: Innovative Strategies Reduce Cost to Schools. Describes measures school systems are taking to achieve security, to deter crime, to handle bomb threats; details the roles of security personnel and how to involve students and community in preventive programs. 1971, 56 pp., #411-12794. Single copy, $4.

Individualization in Schools: The Challenge and the Options. Describes in detail how eight major individualization systems are providing individualized instruction to thousands of students in reading, math, science and social studies. 1971, 64 pp. #411-12792. Single copy, $4.

Environment and the Schools. Describes the best programs under way in states, local school districts, colleges and universities. Gives the philosophy and objectives of a good environmental education program. 1971, 56 pp., #411-12782. Single copy, $4.

Vocational Education: Innovations Revolutionize Career Training. Describes the most successful career training programs in elementary and secondary schools, unique developments and innovative programs, amount and intended purpose of federal appropriations for vocational education programs. 1971, 64 pp., #411-12780. Single copy, $4.

Preschool Breakthrough: What Works in Early Childhood Education. Includes a review of new philosophies and old controversies; some research results; a guide to the federal apparatus; detailed descriptions of projects that "really work" in increasing the achievement of young children. 1970, 48 pp., #411-12774. Single copy, $4.

Reading Crisis: The Problem and Suggested Solutions. A roundup of the most significant recent discoveries on reading problems and a guide to supervisory and teaching techniques that work. 1970, 56 pp., #411-12766. Single copy, $4.

Differentiated Staffing in Schools. Examines strengths, weaknesses and pitfalls of differentiated staffing. Reports facts and opinions on this revolutionary and controversial method of staff organization. 1970, 48 pp., #411-12754. Single copy, $4.

Black Studies in Schools. Shows that nearly all educators believe the ultimate and ideal way to handle material on Negroes and other ethnic groups is to weave it into the regular curriculum as an integral part of everything taught, K-12. Includes 15 case studies. 1970, 48 pp., #411-12746. Single copy, $4.

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